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Effective 18 August the "Hong Kong Media on China" section of the China Daily Report will be renamed "Hong Kong & Macao." It will contain items on Hong Kong and Macao from all sources. Hong Kong media will, henceforth, be treated like all other sources, i.e., items from Hong Kong media will be published in whatever section they concern.

Daily Report Managing Editor

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BEIJING RADIO COMMENTS ON U.S.-USSR RELATIONS

OW090535 Beijing Domestic Service in Mandarin 1050 GMT 8 Aug 86

[Consolidated report on current events from "International Current Events" program by station reporters Fan Jinlong and Zhang Guohua from Washington: U.S.-USSR Hold Dialogue Amid Antagonism and Antagonize Each Other in the Course of That Dialogue"]

[Excerpts] On 29 July, U.S. President Reagan delivered a speech at the White House, saying that U.S.-USSR relations have entered a stage at which misunderstanding and suspicion alone could not prevent the two nations from advancing on the predetermined path. He proclaimed that there was a possibility of holding the next U.S.-USSR summit this year, and that the talks between the two nations on nuclear arms reduction might be successful. This was the most optimistic speech on U.S.-USSR relations Reagan has made this year. It reflects a favorable turn and a relaxed atmosphere in recent U.S.-USSR relations.

Following the Reagan-Gorbachev meeting in Geneva last November, U.S.-USSR relations, characterized by tension and confrontation for years, have eased somewhat and entered a new stage, marked by both antagonism and dialogue. [passage omitted] Since both the United States and the Soviet Union persist in the global hegemonic strategy, they make no concession to each other and cannot compromise on a series of practical issues, such as the arms race and regional conflicts. The atmosphere of conciliation between them is sometimes thin and sometimes thick; in other words, it is changeable.

Since the Geneva meeting, the United States and the Soviet Union have made some progress in cultural, scientific, and technological exchanges, but still oppose each other on issues concerning their global strategies. In dialogue, they have continued to antagonize each other and haggle endlessly, or have even reached a deadlock. Regarding such questions as the prevention of space militarization, reduction of medium-range nuclear weapons, and prohibition of nuclear tests, though they have made contact and held dialogue, no progress has been made because of the large difference in their positions. [passage omitted]

Under present international circumstances, the reappearance of stalemate and confrontation in U.S.-USSR relations is not in the interests of either side and will present difficulties. In view of this, both the United States and the Soviet Union have taken steps during the last month and more to ease relations. On 23 June, Gorbachev wrote to Reagan, offering a compromise proposal for reduction in strategic nuclear weapons. In this proposal, he called on the United States and the Soviet Union not to withdraw from the Treaty for Limitation of Anti-Ballistic Missile Defense Systems in the next 15 years. As for the U.S. star wars program, he expressed the hope that research work be limited to the laboratory level. The United States welcomed this proposal, and Reagan said, in his 25 July reply to Gorbachev, that if the Soviet Union does not oppose U.S. continued efforts at SDI research, the United States would agree to postpone the deployment of this strategic defense system for from 5 to 7 years. In the meantime, the United States and the Soviet Union resumed the Geneva arms control talks and those on the issue of nuclear tests. These talks, though they resulted in no progress, indicated, more or less, that both the United States and the Soviet Union wanted to continue dialogue.

On 26 July, Soviet Deputy Foreign Minister Aleksandr Bessmertnykh visited Washington, held talks with high-ranking U.S. Department of State officials, and discussed the current situation and prospects for U.S.-USSR relations.

Sources said that both sides agreed to hold a series of talks in preparation for the new round of the U.S.-USSR summit. On 4 August, the United States and the Soviet Union announced simultaneously that Soviet Foreign Minister Shevardnadze and U.S. Secretary of State Shultz would hold talks on 19-20 September in Washington. It is believed that the talks will prepare for the summit. As can be seen, there is an increased possibility that the second U.S.-USSR summit will be held this year.

Since the Geneva U.S.-USSR summit last November, there has been every indication that neither the United States nor the Soviet Union wants to decrease dialogue in face of the worldwide demand for relaxation of tension. In spite of the dialogue, however, they still antagonize each other acutely, and their relations are not harmonious. The atmosphere of relaxation is sometimes thin and sometimes thick, and on many basic issues, they continue to rival each other and haggle endlessly. For instance, on the question of nuclear disarmament, both sides want to maintain their own superiority and cut the other's. In particular, there is still a big gap between their positions on the militarization of space. In his 29 July speech, expressing optimism about the U.S.-USSR relations, Reagan stressed the need to carry out sustained SDI research according to schedule and stated that no compromise would be made on this issue. On the other hand, the Soviet Union wants to eliminate or, at least, to delay the U.S. star wars program in every conceivable way. A relatively large part of the recent Soviet disarmament proposal is aimed at hindering the implementation of the SDI program. After receiving Reagan's reply, Gorbachev said that the Soviet Union was studying the contents of the reply, and stressed that the Soviet reaction would partly depend on the U.S. stance on the prevention of the arms race expansion into outer space.

It is because of the acute confrontation between the United States and Soviet Union in their global strategies that neither side will compromise easily. Hence, dialogue between them will be full of difficulty. Antagonism in the course of dialogue and maintaining dialogue amid antagonism is a basic feature of current U.S.-USSR relations. Nonetheless, people all over the world wish to see relaxation in U.S.-USSR relations and progress made in halting the arms race.

INTERNATIONAL AVIATION SYMPOSIUM OPENS IN BEIJING

OW111112 Beijing XINHUA in English 1100 GMT 11 Aug 86

[excerpt] Beijing, August 11 (XINHUA) -- More than 30 senior planning and management executives from 12 foreign airlines, aviation manufacturers and Civil Aviation Administration of China (CAAC) gathered here today to discuss the development of civil air transport in the world. Co-sponsored by the CAAC and the McDonnell Douglas Corporation (MDC) from the United States, the international airline planning symposium is the first of its kind ever held in China.

Representatives from Alitalia, American Airlines, British Caledonian Airways, CAAC, Canadian Pacific Airlines, Lufthansa German Airlines, Philippine Airlines, U.S. Texas Air Corporation and Hong Kong Cathay Pacific Airways.

The focus of the three-day conference, a CAAC spokesman said, will be on strategies and considerations in the airline approach to the planning and marketing of air transportation services. Papers presented by guest speakers will cover subjects such as the future of air transportation in China, pricing the product, strategic planning, automated systems for airlines, traffic forecasting, new route development, aircraft technical evaluation as well as fleet planning, he added. [passage omitted]

U.S. TO SUPPLY TAIWAN NEW MILITARY EQUIPMENT

OW090958 Beijing XINHUA in English 0930 GMT 9 Aug 86

[Text] Washington, August 8 (XINHUA) -- The U.S. Defense Department notified Congress today that it has approved the sale of new military equipment to Taiwan to improve its anti-submarine warfare capability.

The sale is an act in defiance of China's consistent stand against the U.S. sales of weapons to Taiwan.

Assuming there are no Congressional objections, Taiwan would be allowed to contract for improvements to two of its S-2 aircraft and then to obtain special avionics equipment and engineering kits to upgrade another 30 of the ageing planes, a Pentagon announcement said.

The transaction is worth 260 million U.S. dollars.

Congress has 30 days in which to disapprove the proposed sale.

While admitting that the new aircraft will enhance Taiwan's anti-submarine capability, the Pentagon argued that "sales of this equipment and support will not affect the basic military balance in the region."

PRC DENOUNCES U.S. ARMS SALES TO TAIWAN

HK120724 Hong Kong AFP in English 0717 GMT 12 Aug 86

[Text] Beijing, Aug 12 (AFP) -- China Tuesday denounced U.S. plans to sell Taiwan equipment for its anti-submarine aircraft.

"The position of the Chinese Government on the question of U.S. arms sales to Taiwan is consistent. We are opposed to the United States' selling of weapons to Taiwan," said a spokesman for the Chinese Foreign Ministry.

The spokesman called on Washington to abide by a 1982 Sino-U.S. accord in which the United States agreed to reduce its arms sales to Taiwan.

The U.S. Government told the U.S. Congress on Friday that it intended to sell Taiwan 260 million dollars-worth of equipment to modernise its S-2 sub hunters.

The U.S. Defense Department said the sale would not upset the balance of military power in the Taiwan Strait.

Beijing and Taipei both claim to be the rightful government of all China.

ARKHIPOV HOLDS TALKS WITH PRC COUNTERPARTS

OW111311 Tokyo KYODO in English 1252 GMT 11 Aug 86

[Text] Beijing, Aug. 11 KYODO -- First Soviet Deputy Premier Ivan Arkhipov, on a private visit to China ostensibly only for medical treatment, has held a series of talks with his Chinese counterparts on recent developments involving relations between the two countries, diplomatic sources said Monday.

The sources said that the Chinese deputy premiers with whom Arkhipov conducted the talks were Wan Li, Yao Yilin, and Li Peng, all Communist Party Politburo members. The talks were said to have centered on the July 28 Vladivostok speech delivered by Soviet leader Gorbachev, calling for improved relations with China.

According to the sources, the Soviet vice premier arrived in the PRC shortly before or after Gorbachev's speech. Since then, Arkhipov has received acupuncture and other Chinese medical treatments for a disorder of the autonomic nervous system, the sources said.

They said the Soviet official held the meetings, starting with Wan, at a guesthouse in Beijing where he moved after hospitalization at the China-Japan Friendship Hospital completed with Japanese financial aid in 1984.

The Arkhipov-Wan meeting was the first high-official, Soviet-China contact following the Gorbachev speech, they said. According to other diplomatic sources, Arkhipov arrived in Beijing on July 27 and handed Chinese officials the prepared text of the Gorbachev speech which was to be delivered the following day in a Soviet gesture to show its willingness to improve relations with China.

The Soviet Embassy in Beijing and the Chinese Foreign Ministry said Arkhipov's meeting with Chinese officials were made only in his private capacity. But observers here believe it is certain that Arkhipov would have met with Gorbachev prior to the speech and came to China to convey the true intentions of the Soviet leader to the Chinese premiers.

Soviet Vice Foreign Minister Mikhail Kapitsa told reporters in Moscow last Tuesday that China had expressed a positive reaction to the Gorbachev speech. This drew strong interest from Western bloc diplomats here as to whether such a remark was made on the basis of Arkhipov's contact with the Chinese vice premiers in Beijing.

USSR'S TALYZIN TO VISIT PRC IN 'EARLY SEPTEMBER'

OW121057 Tokyo KYODO in English 1042 GMT 12 Aug 86

[Text] Beijing, Aug. 12 KYODO -- Soviet Vice Premier Nikolay Talyzin will pay an official visit to China in early September for talks with Chinese officials, Chinese diplomatic sources said Tuesday.

Talyzin, an alternate Politburo member, will be the highest Soviet Government official to visit Beijing officially since Kremlin leader Mikhail Gorbachev spoke in Vladivostok late last month and proposed improved ties with China. Talyzin's itinerary is not known.

Vice Premier Li Peng will serve as host to Talyzin, the sources said. Talyzin will meet Communist Party General Secretary Hu Yaobang and Premier Zhao Ziyang, they said.

Meanwhile, East bloc sources here confirmed Talyzin's planned visit to China and said Talyzin will serve as a special envoy for Gorbachev. Before going to China, Talyzin will meet Gorbachev and receive his message to the Chinese leaders, the sources said.

USSR'S PITOVTRANOV AT PRC TRADE FAIR CLOSING

OW110652 Beijing XINHUA in English 0629 GMT 11 Aug 86

[Text] Moscow, August 10 (XINHUA) -- A 17-day Chinese trade fair closed today with an estimated 350,000 Soviet visitors having gone through the turnstile of the exhibit, the first held here by the Chinese in 33 years. Shortly before tonight's closing ceremony, lucky Soviets were rejoicing over their chance to be among the last to catch a glimpse of contemporary Chinese life through more than 4,000 exhibits at Moscow's Sokolniki Park.

"Thank you for your exhibition. I'm twelve years old and hoping to visit your beautiful country sometime in the future," a child wrote neatly in the visitors' book. Another visitor wrote, "I was sort of astonished and incredulous as I witnessed your achievements over the past 30 years." Their remarks represent the reaction of many Soviet fairgoers who flocked to this showcase of China, which included not only those sophisticated things like satellite technology, computers and household durables, but also fashion shows by graceful Chinese models.

Since the fair opened on July 25, prominent Soviet officials, including Premier Nikolay Ryzhkov, his deputy Nikolay Talyzin and Raisa Gorbachev, wife of Kremlin leader Mikhail Gorbachev, have visited. As ordinary fairgoers elbowed their way to see items such as textiles, silk, airpots and food in the often overcrowded 2,500 square-meter hall, Soviet experts were asking Chinese fair attendants questions about electronic products, numerical controlled lathes and laser devices.

At the closing ceremony, Yevgeniy Pitovranov, chairman of the board of the Chamber of Commerce and Industry, described the fair as very successful, before he handed two certificates of merit to the Chinese sponsors in praise for their efforts in organizing the exhibit. "The fair has indeed helped deepen the understanding of the Soviet and Chinese peoples," said Xie Jianqun, head of the Chinese exhibition delegation.

PRC FRIENDSHIP DELEGATION VISITS SOVIET UNION

OW091415 Beijing in Russian to the USSR 1800 GMT 5 Aug 86

[Text] An activists delegation of the Chinese People's Association for Friendship With Foreign Countries and the China-USSR Friendship Association led by Liang Geng, vice president of the Chinese-USSR Friendship Association, paid a 2-week friendship visit to the Soviet Union from 20 July to 4 August. The delegation visited Moscow, Leningrad, Baku, and Tashkent and met with officials and activists of local branches of the USSR-China Friendship Society. Bernov, deputy chairman of the Union of Soviet Societies for Friendship and Cultural Relations With Foreign Countries, met the Chinese delegation.

FOREIGN MINISTRY COMMENTS ON JAPAN DEFENSE BUDGET

HK121040 Hong Kong AFP in English 1029 GMT 12 Aug 86

[Text] Beijing, Aug 12 (AFP) -- China issued a measured response Tuesday to Japan's announcement that it might expand its defence program.

"As a sovereign state, Japan has the right to process the strength of self-defense for its security," a Foreign Ministry spokesman said. "However, this strength should be moderate and of a defense nature, and should not cause concern to its neighbouring countries.

The Japanese Government decided Friday that it could exceed the defence spending limit of one percent of gross national product set in 1976, to meet what it called a "remarkable buildup of Soviet forces in the Far East."

Although China suffered harshly from Japanese occupation during World War II, analysts here said its reaction Tuesday reflected Chinese leaders' own fears of Soviet military power in Asia.

A large Soviet military presence along China's northern border has been cited by Beijing as an obstacle to normalized relations with Moscow.

GUANGDONG BEGINS SINO-JAPAN BRIDGE PROJECT

OW091432 Beijing XINHUA in English 1418 GMT 9 Aug 86

[Text] Guangzhou, August 9 (XINHUA) -- Construction of a 1,759-meter-long highway bridge, a Sino-Japan joint venture project, started today in Jiangmen City in south China's Guangdong Province. Today's foundation stone-laying ceremony was attended by Vice-Chairman of the National People's Congress Standing Committee Huang Hua, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference Wang Guangying, and Fukuda Hajime, top adviser to the Liberal Democratic Party of Japan. The bridge, involving a total investment of 25 million U.S. dollars, will be completed by 1988. The bridge on the Xijiang River links the west and central Guangdong Province with Zhuhai, a special economic zone, and Macao.

FANG YI FETES VISITING JAPANESE RICE EXPERT

OW111342 Beijing XINHUA in English 1330 GMT 11 Aug 86

[Text] Beijing, August 11 (XINHUA) -- Chinese State Councillor Fang Yi met the well-known Japanese rice expert, Chosaku Fujiwara, at the Great Hall of the People here this afternoon. Fujiwara went to Fangzheng County in northeast China's Heilongjiang Province in 1981 and 1982 to pass over the technique of thin-planting dry rice seedlings in cold areas. As a result, rice yield increased markedly in the county and his technique has been spread throughout the province. Fujiwara arrived in Beijing July 13 as a guest of the Science and Technology Commission of Heilongjiang Province on a study tour and for technical exchanges in Heilongjiang and Shaanxi Provinces. At the meeting, Fang thanked Fujiwara for his help to China and threw a dinner for him.

RENMIN RIBAO COMMENTARY ON 'EUREKA' PROGRAM

HK100412 Beijing RENMIN RIBAO in Chinese 6 Aug 86 p 7

["Special Commentary" by Zhang Baoxiang: "Birth and Development of the 'Eureka' Program" -- boldface as published]

[Excerpts] AFTER A YEAR'S PREPARATION, WEST EUROPE HAS MADE REMARKABLE PROGRESS IN THE "EUREKA" PROGRAM. THE COUNTRIES PARTICIPATING HAVE INCREASED TO 19, AND IT HAS MADE DECISIONS ON 72 COOPERATIVE PROJECTS. THIS IS AN AMBITIOUS PROGRAM, WHICH AIMS AT KEEPING PACE WITH THE U.S. AND JAPAN'S DEVELOPMENT OF HIGH TECHNOLOGY INDUSTRY WITHIN THE NEXT 5 TO 10 YEARS. THE "EUREKA" PROGRAM HAS ATTRACTED THE WORLD'S CLOSE ATTENTION, AND IT WILL INFLUENCE EUROPEAN-U.S. RELATIONS, EUROPEAN-SOVIET RELATIONS, EAST-WEST RELATIONS AND NORTH-SOUTH RELATIONS.

The "Eureka" program is already 1 year old. Over the past year, the program has made remarkable progress: Three meetings of ministers were held; the number of participating countries has increased from 17 to 19; and 72 cooperative projects were adopted. Further decisions on the source of capital were made. Also, a 7-member secretariat was established. Therefore, it can be said that the "Eureka" program has been "successfully started" after a year's preparation.

First, the Proposal of the "Eureka" Program

[Passage omitted] Just before the West European countries energetically discussed the issue of scientific and technological cooperation, the United States proposed its "star wars" program, which braced up West Europe, made it become united, and acted as a catalyst for scientific and technological cooperation in West Europe. Also, the arms race between the United States and Soviet Union, which focuses on the "star wars" program, has brought new and complicated factors to the defense system of West Europe. In terms of scientific and technological cooperation, it was an alarm for the suspicious West European countries: A backward situation of science and technology will not only affect economic development but will also cause one's political and national defense decisions to be influenced by others. In order to safeguard the independence and safety of West Europe, it is an urgent task that the countries should promptly turn the program under discussion into reality. With the great support of Mitterrand, the president of France, representatives of 17 West European countries and the European Community held their first meeting in Paris on 18 July, at which they declared the formal birth of the "Eureka" program.

Second, Favorable Factors and Difficulties in Implementing the "Eureka" Program

The Eureka program is an ambitious one. The short-term objective of the program is to promote close contacts among the European industrialists, to strengthen cooperation between enterprises and research institutes, to strive to develop new products for civilian use within the next 5 to 10 years by using high technology, and to strengthen the competitiveness of West Europe. Then, on this basis, it will strive to form a "European technology community," so as to establish equal partner relations with the United States and Japan, to make Europe "become a continent entering the 21st century," and to maintain Europe's status of being "a big country" in the world's economy. [passage omitted]

The mark of the "Eureka" program's success should be the marketable products jointly made by various countries, as well as the establishment of a really unified market which has no national boundaries but involves all of West Europe. To achieve this, however, there is a very complicated obstacle, that is the issue of standards, which has yet to be removed. At present, industrialists of various countries are tackling the issues concerning the establishment of a product market in which specifications, models and standards are made uniform.

There are many worrying factors in addition to the difficulties concerning capital and technological standards. For example, the U.S. "star wars" program will involve \$26 billion, which is much more than that of the "Eureka" program and has attracted many European enterprises and technological personnel. Many enterprises have taken part in both programs. However, will the "Eureka" program be run parallel with the "star wars" program or become the additional civilian part of the "star wars" program? This is an issue which West Europe has been much concerned about right from the start.

Also, the relations between the "Eureka" program and the European Economic Community have not been clarified. How to coordinate those research projects which are duplicated in the "Eureka" program and the "European Information Study and Strategic Development Plan" is also another problem. Therefore, the "Eureka" program still has to go through a long and winding road before reaching the stage of full-scale implementation, though the program has made a good start.

Third, the Major Motive Force for Promoting Unity in West Europe

The world is moving toward times of high technology. In the future, to a certain extent, the strength of a country and the international competition will be based upon technological strength. Therefore, the "Eureka" program will exert a major influence on Europe's future and the world's politics. Though the "Eureka" program is for civilian use, its achievements could be applied to the military area. This will thus help West Europe strengthen its national defense strength and cooperation. This program has attracted close attention from the world. Many countries have said that they wanted to join the "Eureka" program. Thus, it will not be difficult in seeing that the program will influence European-U.S. relations, Europe-Soviet Union relations, East-West relations and North-South relations. It is also very obvious that this program helps promote a united West Europe. The 19 participating countries belong to two economic groups in West Europe. The 19 participating countries belong to two economic groups in West Europe: the European Economic Community and the European Free Trade Association. The "Eureka" program has strengthened the contacts of these two competitive groups. This may symbolize a breakthrough in the pattern and area of unity in West Europe.

PRC TO SHOW AIRCRAFT, MISSILE MODELS IN BRITAIN

OW100132 Beijing XINHUA in English 0125 GMT 10 Aug 86

[Text] Beijing, August 10 (XINHUA) -- China is to show models of Chinese made aircrafts and missiles at the 27th international air show to be held on August 31 in Britain, according to Chinese aviation authorities today. The products will include both military and civilian, such as F-8 and F-7M high-altitude fighter planes, A-5 supersonic attack plane, Y-8 medium range transport plane, Y7-100 passenger plane, Y-12 multiple purpose mini-airfreighter, Z-9 light helicopter and air-to-air missiles and coastal defense missiles. It was learned that more than 600 companies from Britain, the United States, the Soviet Union, France, Federal Germany, Sweden, the Netherlands and Japan will participate in the show.

BAN YUE TAN ON EAST EUROPEAN PARTY CONGRESSES

HK081236 Beijing BAN YUE TAN in Chinese No 14, 25 Jul pp 50-52

[Article by Jia Shan: "Party Congresses of East European Countries"]

[Text] This year, except for Romania and Hungaria, all East European socialist countries have successively called or will call party congresses. After the Communist Party of the USSR called its 27th party congress at the end of February, the parties of Czechoslovakia, Bulgaria, and the GDR respectively convened their 17th, 13th, and 11th congresses from March to April. In June, the parties of Yugoslavia and Poland called their 13th and 11th congresses, respectively. In addition, Albania will call its ninth party congress in November.

The party congress of Yugoslavia was called in an "extraordinary period." According to Yugoslav comrades, an "economic crisis" took place in Yugoslavia. Therefore, the task of this party congress was to "make a unified assessment of the causes of the state of crisis and especially find an answer to what to do in the next stage." The party congresses of four other countries have formulated new 5-year plans beginning from 1986, or programs for economic development for a longer term. This will have an important impact on socialist economic development in the coming 5 years or for a longer period of time.

At the party congresses of five countries, the main subject of discussion was the economic problem. For a period of time, the pace of economic growth in these countries was rather quick. The people's living standard also showed relatively great improvement. The social output value for Yugoslavia from 1947 to 1985 rose more than 6 times, and the industrial output value 16 times. Progress was made in such fields as education, sanitation, culture, and scientific research. In the plan for the past 5 years, the GDR achieved an increase of 11 percent in national income, an increase of 15 percent in industrial production, and an increase of 10 percent in agricultural production. Self-sufficiency was achieved in grain and food. Czechoslovakia and Bulgaria also scored certain achievements. But due to a guideline of extensive operation long followed by these countries, domestic resources became increasingly inadequate. There was an energy shortage. Given an imperfect system of management, economic results were poor. The rate of economic growth gradually dropped. Faced with the development of new technologies in the world, they were compelled to consider taking appropriate measures to meet the challenge and bring about the quick development of the economy in a harmonious manner. The GDR, Czechoslovakia, Bulgaria, and Poland all formulated guidelines for overall intensive development of the national economy based on scientific and technical progress. In keeping with such guidelines, they also formulated new 5-year plans. According to their plans, the national income of the GDR and Czechoslovakia in the coming 5 years will respectively rise 24-26 percent and 18-19 percent. Industrial output value will respectively grow 22-24 percent and 15-18 percent. The national income of Poland will increase by 16-19 percent.

To realize its above plan, the GDR will continue carrying out the "economic strategies for the 1980's," including fully utilizing the results of the contemporary scientific and technological revolution, quickening an increase in labor productivity, ensuring an increase in production with a reduction in the consumption of raw materials and energy, further improving the quality of products, accelerating the development of the production of consumer goods, further raising the living standard of the laboring people, and so forth.

Czechoslovakia will introduce "the strategy to accelerate social economic development." This means using scientific and technological results, changing the production structure, perfecting economic plans and management systems, and so forth. Poland witnessed social turmoil in the early 1980's. Its economy suffered a great loss. At a party congress, Jaruzelski said that the primary task of Poland is to quicken the process of development, make up for lost time, and narrow the gap between Poland and advanced countries in the scientific, technological, and economic fields.

Referring to the realization of the guideline for overall intensive economic development, the leaders of the parties of these countries have paid great attention to scientific and technological progress and put a scientific and technological revolution in first place. Leader of the GDR Erich Honecker said that in the process of transforming all fields of production in the direction of intensification, due to the adoption of "all-important technologies," the GDR entered "a new stage." Chairman of the Council of Ministers Stoph stressed that the main task at the present stage was to "take all measures to carry out a scientific and technological revolution." Leaders of Czechoslovakia Husak and Strougal held the view that the rapid adoption of advanced scientific and technological products in production is "the demand of the era" and "a factor deciding the success or failure of a cause." Therefore, the role of science and technology must be elevated and placed "above all tasks." Leader of Bulgaria Zhivkov pointed out that the "scientific and technological revolution is in line with socialism." The "realization of the scientific and technological revolution means building a thriving version of socialism." The scientific and technological revolution has become a "superb key" to future national economic development. Though these countries do not share the same industrial level, they take the development of electronic and computer technologies as an important aspect. During the period of the new 5-year plan, the GDR will raise the supplementary electronic computer designing and production systems from 28,000 in 1985 to around 90,000.

In the past few years, these countries have worked on perfecting or reforming the economic management system. Despite different approaches and different degrees to which reforms are carried out, a start has been made. Some experience has also been obtained. The party congresses of various countries hold that work must be continued in this respect. A leader of the GDR said that national economic management and planning and economic accounting will be further perfected. Czechoslovakia will not only perfect central management work but at the same time strengthen the responsibility and power of an area or department and give full play to the activism of the laboring collective. In economic reform, Bulgaria has established an "autonomous economic organization" and carried out the principle of autonomy. The aim is to "overcome the principle of control by a department in economic work, eliminate bureaucratism, and make a transition to new plans and methods of management. Competition is also called for. To achieve the above goal, Bulgaria, prior to the convening of its 13th party congress, made appropriate readjustments about organizations or organs and personnel. It abolished eight economic departments that had been in charge and established an economic committee. During the period of Poland's new 5-year plan, the tasks in economic reform call for fighting for an improvement in economic results, restoring a balance between the economy and the market, linking workers' wages with the results of labor, and overhauling the pricing structure.

On the foreign relations front, Yugoslavia continuously follows a policy of nonalignment and is devoted to "developing overall relations with all countries, especially concerning establishing stable and overall relations with all neighboring countries." [paragraph continues]

The party congresses of other countries have reiterated that the strengthening of unity and cooperation with the Soviet Union is the cornerstone of foreign policy and have expressed support for the peace proposal and the suggestion of disarmament put forth by the Soviet Union. They have accused the United States and NATO countries of expanding armaments and, at the same time, expressed a desire to continue expanding the relations of peaceful coexistence with capitalist states, maintain and develop dialogue and cooperation, and seek a solution of problems through negotiations. The GDR has stressed that the "prevention of a nuclear war and of space militarization" and the "elimination of antagonism through cooperation between countries" are among its primary foreign policy goals. Poland said that the "Eastern and Western parts of Europe are shouldering a heavy military burden unprecedented in history" and that an arms race should be prevented. People note that most of the party congresses have expressed the wish to develop relations of friendship and cooperation with China. This has reflected the great progress made in China's relations with East European socialist countries in the past few years.

DEVELOPMENTS IN EAST EUROPEAN SOCIALISM VIEWED

HK070929 Beijing RENMIN RIBAO in Chinese 1 Aug 86 p 7

[Report by Dong Fusheng: "Theoreticians in Yugoslavia, Romania, Poland, and Hungary Explore Questions of Socialist Theory"]

[Text] For some time now, social science theoretical circles in Yugoslavia, Romania, Poland, and Hungary have been rather active; while exploring and explaining all kinds of theoretical questions they have met with in the course of economic development and reform, they have carried out wide exploration and discussions on a variety of socialist theories and published many articles and talks on them, each airing his own views.

On the Pattern of Socialism

It is generally believed that socialism itself has no unified pattern, and that each nation must link with its own characteristics in determining its own road of development. Not long ago, a leading member of the Hungarian Socialist (Communist) Workers' Party pointed out in his article that in the course of socialist construction, "permanent and always efficient measures from beginning to end, no matter what the specific conditions are, do not exist," but he believes "there are common laws and historical experiences best suited to one's own nation which can and must be applied, and which are, relatively speaking, universally efficient." An article carried in the Hungarian journal THE OBSERVER [guan cha jia 6034 1390 1367] says: "We should not look upon any country as a pattern." An article entitled "Views on Socialist Development" in Romania's ECONOMIC JOURNAL [jingji zazhi 4842 3444 7177 1807] says: "No views on a unified pattern of development can be established." ERA SOCIALISTA, the theoretical journal of the Communist Party of Romania Central Committee said in an article: "A complete work of social law, which is perfect and forever efficient, does not exist. The 'program' of social law will not be limited to the figures discovered by the founder of historical materialism, or the figures of the laws grasped in one period or another. With the development of social history, some social laws that last longer will change their forms of expression with the changes in conditions." Therefore, to consciously understand and to apply social objective law, "it is necessary to possess creativity, and the spirit of blazing new trails and revolution." [paragraph continues]

A commentator's article in the Yugoslavian POLITIKA points out: "Adopting different roads to socialism, and ridding ourselves of a unique pattern is no longer a difficult problem facing socialist ideology, nor, to a large extent, to socialist practice."

On the Developed Stage of Socialism

An article carried in the theoretical journal IDEOLOGY AND POLITICS [yishi xingtai yu zhengzhi 1942 6221 1748 1966 5280 2398 3112] of the Polish United Workers' Party believes that based on Poland's experience and practice, the thesis of Poland's transition to the "developed stage of socialism" was proposed "rather too early" in the documents of the Seventh and Eighth PZPR National Congresses. The article says at present, Poland "is not a country of proletarian dictatorship," and that the stage of proletarian dictatorship "has become history." Poland is now a "democratic people's republic," and "in the intermediate link between a country of proletarian dictatorship and a country of the whole people." At the 13th National Congress of the Hungarian Socialist Workers' Party a Hungarian leading member said: "The blueprint of socialism based on revolutionary fantasy proceeding from goodwill is undergoing some changes." He said, we believed in the past that the development of socialist economy was "always developing upward in a straight line," and the effects of capitalist economy and politics "will not involve the socialist world." However, "the road to socialism has been rougher and more uneven than we expected, and there have been more setbacks and failure." He said: "We have also come to understand that those who achieve the target are not those who have done things in a hurry, and skipped some stages, but those who have drawn up plans under given conditions, and won the support of the people."

On the Superiority of Socialism

An article in Romania's ECONOMIC JOURNAL [jingji zazhi 4842 3444 7177 1897] believes: "Socialism itself is facing the basic question of how to demonstrate its superiority." The author points out that, for a long time capitalism has demonstrated that "it is capable of creating the sources of new forces." However, it should not be neglected that "it has also brought about imbalance in the economic development of the peoples of various countries." A signed article in Romania's ECONOMIC LIFE [jingji shenghuo 4842 3444 3932 3172] believes that "regarding the two socioeconomic systems, namely socialism and capitalism, we lack scientific analysis of a comparative nature. A rigid formula was adopted in the past, based on which, if capitalism is 'this way,' socialism must be another way, or entirely the opposite." The author urges restudying the issue, "subjecting it to scientific analysis," "exploring in which fields socialism is superior to capitalism, and in what respects it is inferior to capitalism." He also urges that "those theses regarded as established and beyond doubt" should also be "tested and reevaluated."

Speaking as a whole the academic circles of all the countries mentioned above have all wanted to rid themselves of the bondage of dogmatism, formulism, and oversimplified concepts, each airing his own views rather freely. The discussion has only just begun, and is likely to develop in breadth and depth. Some concepts of the so-called "established theses" in particular may bring about further debate.

TUTU ARRIVES IN SHANGHAI, URGES INTERVENTION

OW081108 Beijing XINHUA in English 1052 GMT 8 Aug 86

[Text] Shanghai, August 8 (XINHUA) -- Bishop Desmond Tutu from South Africa, a Nobel peace laureate, and his wife flew into Shanghai this afternoon for a one-week visit to China.

Bishop Tutu told reporters at the airport that during his stay in China, he will discuss the South African situation and other issues concerned with his Chinese brothers, adding that "freedom is a better solution to South African issue, that's why I ask international community to intervene."

He urged the South African authorities to lift the state of emergency, release political prisoners, and hold dialogue with "our effective leader Nelson Mandela."

He said he is very glad to visit China and is eager to see the country as "China has undergone a revolution." The Tutus are guests of the Three-Self Patriotic Movement Committee of the Protestant churches of China, the Christian Council of China and the Chinese People's Association for Peace and Disarmament.

Among those greeting the guests at the airport was Bishop Ding Guangxun, chairman of the Three-Self Patriotic Movement Committee of the Protestant Churches of China, president of the Christian Council of China, and vice-president of the Chinese People's Association for Peace and Disarmament. Ding will give a banquet tonight in honor of Tutu and his wife, who will also tour Xian and Beijing after visiting Shanghai.

Honored at Shanghai Banquet

OW081958 Beijing XINHUA in English 1441 GMT 8 Aug 86

[Text] Shanghai, August 8 (XINHUA) -- Ding Guangxun, chairman of the Three-Self Patriotic Movement Committee of the Protestant Churches of China, said here today that the Chinese people support South Africa's Bishop Desmond Tutu in his campaign to safeguard peace and equality and oppose apartheid.

Ding, also president of the Christian Council of China and vice-president of the Chinese People's Association for Peace and Disarmament, made the remarks at a banquet he gave here this evening in honor of Bishop Tutu and his wife, who arrived in Shanghai this afternoon for a week-long visit to China.

He said, "Our history and our sense of humanitarianism decide that we stand on your side." He noted that today the Chinese people from various parties and religions, as well as other fields are united for the common goal of international peace and disarmament, and for building up the socialist country. "We bless Bishop Tutu's great cause of peace and human dignity."

Tutu said in his toast that he and his wife feel at home in China and they are blessed with love by their Chinese brothers and sisters. "We will pray for you", he added. He praised the efforts made by the Chinese people for peace, justice and disarmament, and expressed his hope that peace and justice would reach every corner of the world, including South Africa.

Meets Shanghai Mayor

OW101559 Shanghai City Service in Mandarin 0000 GMT 10 Aug 86

[Text] Mayor Jiang Zemin met with South Africa's Bishop Desmond Tutu and his wife at the municipal government guest room on the morning of 9 August and had a cordial conversation with him. Mayor Jiang extended a welcome to Bishop Tutu on his visit to Shanghai and briefed him on Shanghai's situation. Bishop Tutu expressed his thanks to the Chinese people for their support of the South African people.

The Shanghai branch of the Chinese People's Association for Friendship With Foreign Countries, the Three-Self Patriotic Movement Committee of the Protestant Churches of Shanghai, and the Religious Affairs Committee of the Christian Society of Shanghai held a tea party at the auditorium of St Lukes Cathedral to welcome the bishop and his wife.

Warns West on Apartheid

OW091402 Beijing XINHUA in English 1351 GMT 9 Aug 86

[Text] Shanghai, August 9 (XINHUA) -- If the West is not committed to dismantling apartheid and does not help the countries that have been held to ransom by South Africa, the West will not be surprised that those countries will not be friendly with it. This was stated by South Africa's Bishop Desmond Tutu here today when he talked to journalists about sanctions declared by Zimbabwean Prime Minister Mugabe against South Africa.

Tutu said Mr Mugabe is not playing games. The West must know what it is in fact doing. "I hope the West realizes how strongly Africa feels about such matters," he added.

On the release of Cooper, he said, Cooper's detention is in the first place not justified. He noted that many people remain in detention in South Africa. Tutu described the arrests and the state of emergency announced by South Africa as "just like aspirin for a toothache", saying that they are useless.

Tutu also met more than 80 representatives from local religious, cultural and scientific communities this afternoon. He stated at the gathering that the black people in South Africa should enjoy freedom as white people there, adding that without black people's freedom other people there cannot have true freedom.

He said, "We are longing for a day when South Africa will become a truly democratic country with justice and truly free from racial discrimination." He thanked the Chinese people for their support to the people in South Africa.

Li Shoubao, president of the Shanghai branch of the Chinese People's Association for Friendship With Foreign Countries (CPAFFC), stated that the Chinese people stand on the side of the South African people and support them in their struggle against racial discrimination. "We support international sanctions against the South African authorities for its policy of apartheid and persecution of the black people and support every effort for justice and peace," he added.

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The meeting was jointly sponsored by the CPAFFC Shanghai branch, the Three-Self Patriotic Movement Committee of the Protestant Churches of Shanghai, Christian Society of Shanghai.

Shanghai Mayor Jiang Zemin met Bishop Tutu and his wife this morning.

Meets Catholic Bishops

OW101232 Beijing XINHUA in English 1221 GMT 10 Aug 86

[Text] Shanghai, August 10 (XINHUA) -- The visiting Bishop Desmond Tutu from South Africa called on Bishop Louis Zhang Jiashu, dean of the Chinese Catholic Bishops College here this morning.

Bishop Louis Zhang of Shanghai diocese, 94, said that the Chinese Catholics support the struggle of the South African people against racial discrimination.

Tutu told the Chinese bishop that people all over the world support them and pray for them.

Later, Tutu visited the well-known Xujiahui Cathedral in southwestern Shanghai. He also preached to more than 1,000 Catholics at the community church of Shanghai, appealing for safeguarding men's equality and dignity.

Bishop Tutu and his wife left for Xian this evening after a three-day visit to Shanghai.

CHEN MUHUA ARRIVES IN TANZANIA 9 AUG

OW091821 Beijing XINHUA in English 1752 GMT 9 Aug 86

[Text] Dar Es Salaam, August 9 (XINHUA) -- Chinese State Councillor Chen Muhua arrived here this afternoon for a four-day visit, during which she is expected to meet with Tanzanian leaders for talks on further economic cooperation between the two countries.

Speaking to reporters at the airport upon her arrival, Chen, who has been responsible for China's economic assistance to foreign countries for the past 20 years, said that the Chinese Government and people are committed to the further development of the friendly cooperative relations between China and Tanzania.

Chen said that she is very much pleased to pay her fourth visit to the east African nation and to proceed afterwards to Zambia to attend the celebrations of the 10th anniversary of the Tanzania-Zambia railway's (TAZARA) operation, which will climax on August 16.

During her visit, the fourth since the late 1960's, she will meet with President Ali Hassan Mwinyi and First Vice President and Prime Minister Joseph Warioba and hold official talks with senior government officials.

TAZARA, built with Chinese assistance, was officially transferred by the Chinese Government to the governments of Tanzania and Zambia in 1976 after its completion in 1975. The 1860-kilometre railway known as "The Great Uhuru Road", was built to break the economic blockade by the colonialists and racists on the new-emerging Zambia.

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Received by President

OW120246 Beijing XINHUA in English 0157 GMT 12 Aug 86

[Text] Dar Es Salaam, August 11 (XINHUA) -- Tanzanian President 'Ali Hassan Mwinyi today thanked the Chinese Government and people for their assistance to this country in the past 20 years and expressed the hope that friendship and cooperation between the two countries will be strengthened further in the days to come.

Mwinyi made the statement while receiving visiting Chinese State Councillor Chen Muhua, who arrived here last weekend on a four-day visit on his [pronoun as received] way to Zambia to attend celebrations of the 10th anniversary of the China-aided Tanzania-Zambia Railway (TAZARA).

Chen delivered a letter from Chinese President Li Xiannian inviting Mwinyi to visit China and the invitation was accepted.

Mwinyi said that TAZARA is playing a greater role than its original design anticipated more than ten years ago.

This morning, Chen held talks with Deputy Prime Minister and Minister of Defence and National Services Salin A. Salin on bilateral relations and other items of mutual interest. She is scheduled to meet with First Vice President and Prime Minister Joseph Warioba tomorrow before flying to Lusaka, Zambia.

CHINESE MEDICAL TEAMS IN LIBERIA PRAISED

OW090104 Beijing XINHUA in English 0020 GMT 9 Aug 86

[Text] Monrovia, August 8 (XINHUA) -- Liberian Minister of Health and Social Welfare Martha Sandolo-Belleh today praised the first Chinese medical team in Liberia for its services during the past two years.

At a reception here this evening in honor of the out-going Chinese medical team and its newly-arrived replacement, the minister said the Chinese doctors had contributed to the strengthening of friendship and cooperation between Liberia and China.

Several Liberian government officials and Chinese Ambassador to Liberia Xiang Zhongpu attended the reception.

During the past two years, the 14-member Chinese medical team has treated nearly 79,759 people, including 758 who were critically ill. Almost 96 percent of the 4,049 in-patients treated by the Chinese doctors recovered completely.

The first Chinese team will leave here for home on August 12, its replacement arrived here on August 2.

XINHUA ON SOUTH AFRICA'S GROWING ISOLATION

OW081314 Beijing XINHUA in English 1134 GMT 8 Aug 86

["Roundup: The World Against One (by Yan Hongzhang)" -- XINHUA headline]

[Text] Gaborone, August 8 (XINHUA) -- With British Prime Minister Margaret Thatcher's compromise with Commonwealth leaders over sanctions against South Africa, the South African Government is now under fire from all parts of the world.

At the seven-nation Commonwealth mini-summit held in London on Monday, Thatcher agreed to voluntary bans on the promotion of tourism and new investment in South Africa, and agreed not to stand in the way of European Community (EC) measures that will be introduced in September. The EC measures include bans on the import of coal, iron, steel and gold coins from South Africa and a ban on new investment.

Canada, Australia, Zambia, India, Zimbabwe and the Bahamas have called on the Commonwealth to introduce a sanctions package that includes banning air links with South Africa, investment and reinvestment of profits earned in South Africa, import of agricultural products from South Africa and withdrawing consular facilities, despite Britain's refusal to join in these measures.

Swedish Foreign Minister Sten Andersson said Tuesday that the Nordic countries might decide early next week to impose a total trade embargo on South Africa in protest against apartheid.

The Danish, Finnish, Swedish and Norwegian prime ministers and their foreign ministers are scheduled to meet in Denmark to construct a common policy towards Pretoria.

U.S. President Ronald Reagan, though reluctant for a long time, has finally agreed to impose limited sanctions on South Africa, bowing to the pressure from Congress.

The South African regime has thus been cast aside by the whole world and is in a desperate state.

Faced with the international outcry against apartheid, the South African Government showed its horns to some front-line countries, which are active in appealing for mandatory sanctions against South Africa.

South African Foreign Minister Pik Botha announced on Tuesday that the South African Government would consider introducing import licenses and a levy on goods from Zambia and Zimbabwe, and threatened that tighter security measures would be imposed along the South Africa-Zimbabwe border.

In a display of solidarity and defiance, Tanzanian President Ali Hassan Mwinyi promptly advanced his country's offer of transit facilities to its neighbors and the front-line countries.

The wide-ranging international sanctions will surely strike a hard blow at South Africa's economy, which is already having difficulties. Economic analysts here said that effective sanctions will harm South Africa's economy.

In South Africa, businessmen, concerned about the growing voice of worldwide sanctions and disappointed at the performance of the South African regime, have lost their confidence in the country. The index of South African business confidence is now only three-fourths of where it was in 1980, and gross fixed capital formation fell by 40 percent last year, and is continuing to decline.

According to newspapers from South Africa, nearly 200 corporations were in various stages of disengagement and last year also saw 6,278 bankruptcies in the country compared with 4,312 in 1984. A dramatic slump in fixed investment has exacerbated the unemployment problem.

According to Cape Town University, the unemployment rate in South Africa reached 23.6 percent in 1985 and will hit 24.1 percent this year. Even white unemployment has become a serious problem, with 40,000 whites losing jobs between March 1985 and March 1986.

It is estimated that there are over 250,000 new job-seekers in the country every year. With no growth prospect, the country cannot create jobs for either blacks or whites. Under sanctions, the unemployment situation can only get worse.

The deteriorating economic situation in South Africa will sharpen the contradictions between the minority government and the people, intensify political conflicts and destabilize state power.

The sanctions will have a strong impact on the South African Government. But observers here say that how successful the sanctions will be to some degree depends on the willingness of some leading Western countries to get tough.

They pointed out that those Western countries have countless ties with the Pretoria regime and have their own interest in South Africa. So it is for the world to keep an eye on whether they really act in concert with the international community.

WAN LI MEETS CENTRAL AFRICAN DELEGATION

OW081038 Beijing XINHUA in English 1018 GMT 8 Aug 86

[Text] Beijing, August 8 (XINHUA) -- Vice-Premier Wan Li met Joaquim da Silva Nzengue, minister of information, arts, culture, youth, sports and national organization of Central African Republic, and his party here today.

Wan, on behalf of the Chinese Government, welcomed their visit to China and said as China and Central Africa are both developing countries and advocate South-South cooperation, the visit will strengthen cooperation between the two countries in various aspects.

Nzengue said that President Andre Kolingba and the Central African people attach great importance to the development of cooperation and friendship with China.

The Central African visitors who are guests of the Chinese Ministry of Culture, arrived here August 7 for a friendly visit.

OFFICIAL ON LESSON OF SHENYANG BANKRUPTCY CASE

OW081251 Beijing XINHUA Domestic Service in Chinese 0137 GMT 8 Aug 8;

[Text] Beijing, 8 Aug (XINHUA) -- In a talk with reporters today on the bankruptcy of the Shenyang Explosion-Proof Apparatus Plant, an official of the State Economic Commission pointed out that the incident explodes the myth that there is no bankruptcy among socialist enterprises and shows that, with the gradual progress of economic structural reform, it is imperative for enterprises to be responsible for their own profits and losses and that, under all circumstances, the principle that only the best should survive should be upheld.

The official said: For a long time a certain misconception has taken hold among our country's cadres, staffs, and workers: An enterprise bankruptcy can only occur in a capitalist system, and socialist enterprises should continue to operate regardless of profits or losses; they can make money when they are run efficiently, but when they operate at a deficit because of bad management, it does not matter because they will be subsidized by the state anyway. This is one of the major reasons why many enterprises lack an internal motive force and feel no external pressure; consequently, they fail to upgrade their economic efficiency. Now the Shenyang Explosion-Proof Apparatus Plant, a collective-owned socialist enterprise, has gone bankrupt; its business license has been revoked. This incident has shattered people's traditional concepts and given our enterprises a useful, enlightening education.

First, in a planned socialist commodity economy based on public ownership, advanced enterprises that turn out products that suit market demands will develop, and backward enterprises will be eliminated. This is the inevitable consequence of economic law and a necessary condition for developing productive forces. The bankruptcy of the Shenyang Explosion-Proof Apparatus Plant serves as a warning to those collectively owned and state enterprises that have for years operated at a loss because of bad management.

Second, an important measure of the current economic structural reform is to declare bankruptcy for enterprises that can no longer support themselves financially. Like a good remedy for a disease, the measure will effectively eliminate the prevailing defect of enterprises eating from the "big pot" of the state, and of staff and workers eating from the "big pot" of an enterprise. It allows for management and supervision of enterprises by economic and legal means, enabling enterprises to acquire the capacity for independent management and become socialist commodity producers and dealers with sole responsibility for their own profits and losses.

Third, allowing badly managed enterprises to declare bankruptcy is conducive to maintaining order in a planned socialist commodity economy based on public ownership; it protects state property and the legal rights and interests of creditors and debtors, and encourages competition among enterprises. This is very important for improving the quality of products and raising economic efficiency and social benefits.

The State Economic Commission official said: After it declared bankruptcy, the Shenyang Explosion-Proof Apparatus Plant made proper arrangements for jobs and the livelihood of its staff and workers, appropriately disposed of its funds and properties, and thoroughly investigated those personnel who bore economic responsibility and violated laws and discipline.

Because work before and after the bankruptcy was done fairly well, the staff and workers remained relatively calm. This shows that although a bankruptcy creates many problems as a result, so long as we can do a good job in solving specific problems, staff and workers will certainly recognize its long-range benefits and understand and support this reform measure.

In conclusion, the official said: During the Seventh 5-Year Plan, with the gradual improvement of the market mechanism and the strengthening of indirect control, enterprises will face a rigorous test because the principle of allowing the strongest to survive will come into effect, and the state will try to create a good external economic environment for enterprises where there are both motive force and pressure. We hope that enterprises in all localities will learn a lesson from the Shenyang bankruptcy case, make good use of the favorable opportunities in the course of reform, grasp internal reform to speed up technological progress, increase their capacity to assimilate new things and cope with changes, change bad things into good things in the course of reform and technological progress, and continue to develop.

LIAOWANG ON CHINA'S CURRENT ECONOMIC SITUATION

HK080847 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 31, 4 Aug 86 pp 5-6

[Article by Li Shiyi: "Chinese Economy After Its Cooling Off -- Comments on China's Current Economic Situation"]

[Excerpts] In the first half of this year, the growth rate of China's national economy slowed down after it had developed at an excessively high speed. There is now much discussion about this. Some people say this is a good omen; some say this is not normal; some worry whether China's economy is losing momentum; and others worry whether there will be economic recession.

Then how should we approach the economic situation in the first half of this year?

At a press briefing on 18 July, Zhang Zhongji, spokesman for the State Statistical Bureau, gave an account of the economic situation in the first half of this year. If we make an analysis of the situation against the background of China's economy as a whole we may say "there is both good and bad news."

Where Does Good News Come From?

In terms of industrial enterprises, the total output value of industrial production in the first half of this year topped 428.4 billion yuan, up 4.9 percent over the corresponding period last year, but the growth rate dropped by 18 percentage points. With regard to the industrial structure, the total output value of light industry increased by 5.1 percent and of heavy industry, by 4.6 percent, and the ratio between light and heavy industries was 49.7 and 50.3 respectively. There has been a trend of coordinated development in industrial production. Regarding the mix of products, the output of marketable products increased substantially, while there was a drop in production of unmarketable goods. As a result the mix of products has been readjusted.

In terms of production of energy and raw materials, the growth rate in the first half of this year was higher than that of industrial production. [paragraph continues]

Improvement has been made in shortages of energy and raw materials. For example, electricity rose by 8 percent over the corresponding period last year and coal by 6.7 percent, both being higher than the growth rate of industrial production -- 4.9 percent.

With regard to transport, the volume of goods transported in the whole country jumped by 6.4 percent over the corresponding period last year. The volume of rail freight rose by 8.4 percent and the handling capacity of harbors by 13.8 percent, both being higher than the growth rate of industrial production in the corresponding period. Thus the strain on transport has improved somewhat.

In terms of the scale of investment in fixed assets, the total investment in fixed assets of state enterprises in the first half of last year increased by 38 percent, but it rose by 17.3 percent in the first half of this year. It is thus seen that the growth rate went down sharply. The proportion of state investment in energy and transport was larger than that of the corresponding period last year, while the proportion of investment in non-productive undertakings was smaller. Meanwhile, the proportion of investment in promoting scientific and technological advances rose, while the proportion of investment in pursuit of increasing production capacity dropped. This indicates that the inflated momentum of investment in fixed assets has been curbed. What is more encouraging is that the situation in agricultural production, a decisive factor for China's economy, is good. The national output of grain crops this summer reached 91.88 million tons, 3.14 million tons more than last year. The output of rape seed was equivalent to that of last year, or is estimated to increase a little. In addition, the seeded area of early rice also increased this summer. All this has banished people's worry about this year's agricultural production.

In terms of foreign trade, according to figures compiled by China's customs, in the first 6 months of this year, the total volume of imports and exports amounted to U.S. 33.43 billion, up by 10.9 percent over the preceding year. Of this, the total volume of exports reached U.S. 13.53 billion, representing a rise of 14.4 percent. Due to the reduced world prices of crude oil and farm and sideline products, and the reduction in foreign exchange earnings, the total volume of imports was still larger than that of exports by U.S. 6.37 billion.

Along with the improvement in market supply in the first half of this year, price hikes have been relaxed. The total volume of retail sales reached 235.1 billion yuan, an increase of 11.8 percent, but the growth rate was considerably lower than that of last year. Moreover, market supply is ample and rural fair trade is lively. In particular, the supply of meats, poultry, aquatic products and vegetables has improved and their prices have become stable. All this has set people's minds at rest.

All the above indicates that the retrenchment policy adopted by the party Central Committee and the State Council to cool down the over-heated economy has yielded good results.

Where Do Bad Tidings Come From?

Thanks to the retrenchment policy, the growth momentum of social demand has gradually slowed down, the gap between supply and demand has closed somewhat, and the economic situation as a whole has begun to get better. Under such circumstances, does it mean that we can fluff up the pillow and have a good sleep?

Referring to this question, Zhang Zhongji, spokesman for the State Statistical Bureau, pointed out: There are still problems and difficulties in the national economy at present. The two major problems are that the economic efficiency of industrial and commercial enterprises is not productive, and that the situation in which demand overstrips supply has not been fundamentally changed. The growth rate of state investment in fixed assets, the outlay of workers' wages, and group purchasing power in the first half of this year were all lower than that of the corresponding period last year, but it was higher than this year's production growth rate. Furthermore, state revenues do not grow inline with expenditures, and foreign trade still shows a heavy deficit.

Seeing through the appearance of these phenomena to get at the essence, we may come up with the following views:

-- The measures "to slowly put on the brakes" have not improved economic efficiency. This shows that China's enterprises have not been invigorated. This is because, in the course of implementing the policy of controlling social demand, too strict administrative measures of "uniformity" were adopted. For example, the failure to readjust the structure of capital movement left enterprises short of floating capital and difficult to operate. Furthermore, last year's excessive increase in worker's wages made them feel that this year's real incomes have not increased much. As a result, the incentive role of bonuses has been jaded and the enthusiasm of workers and other employees in work has subsided. This demonstrates that China lays undue emphasis on administrative measures to tighten control of macroeconomy and lacks experience in using economic measures.

-- The measures "to slowly put on the brakes" have failed to stop that rise of purchasing power over the increase of supply of goods. Demand still exceeds supply and the gap between demand and supply is widening. [passage omitted]

-- The measures "to slowly put on the brakes" have not overcome inflation of investment in fixed assets in the country. [passage omitted]

Of course, these are not the only hidden dangers in China's current economic life. For example, how to balance the budget? How to improve the adverse balance of foreign trade? How to keep the destabilizing factor of price hikes under control? All these are new problems, emerging after implementation of the retrenchment policy. We may say that the good news is mixed up with bad tidings.

Will There Be Economic Recession?

In order to cool down its over-heated economy, China has adopted the retrenchment policy. Everyone approves of these measures. However, when the growth rate of the total industrial output value went down suddenly to 5.6 percent and 0.9 percent in January and February this year from 24.5 percent and 22 percent in the corresponding months last year, many people in economic circles felt perplexed and uneasy. Some of them said that in the 27 years between 1953 and 1980, the rate of industrial growth was always over 6 percent, but today's figures while we are carrying reform are lower than 6 percent. This cannot be explained. They worry whether the drastic drop means that China's vigorous economic development is losing momentum. Some even worry whether such a low growth rate means that a "cold season" in economic development is approaching. [passage omitted]

Those who worry about great fluctuations in China's economy may have a precedent to go by. Since the founding of the Republic, the country witnessed over-heated economy in 1958, 1970 and 1978. On the three occasions, the state took measures to put an immediate stop to economic development. Consequently, this led to great fluctuations of the economy and caused heavy losses. Taking these lessons as a warning, this time China's policy-makers adopted the wise policy of "putting on the brakes slowly" to deal with the problem of over-heated economy. They did not hope problems would be solved overnight but step by step. The policy has also created fluctuations, but they are very small when compared with previous ones. [passage omitted]

In the world there are no perfect remedies and surefire policies. The fluctuations appearing in China's economy in the first half of this year are not like those appearing under the previous economic structure. They have emerged at a time when the old and new structures are interlocked, and urban and rural reforms have converged. It is inconceivable that such fluctuations will result in economic recession.

CENTER TO COORDINATE TIES WITH FOREIGN FIRMS

HK110618 Beijing KENMIN RIBAO in Chinese 6 Aug 86 p 2

[Report by Feng Xiao: "Opening a New Window for Foreign Cooperation -- Officials of 'Coordinating Center For Foreign Cooperation of Medium-sized and Small Enterprises' Answer Reporter's Questions"]

[Text] The establishment of the center for coordinating cooperation of small and medium-sized enterprises with other countries ("center" for short) has attracted the attention and interest of business circles. A few days ago, this reporter interviewed Wu Qian, director of the "center", and his chief engineer, Tang Jushang, and asked them to answer a few questions of interest to our readers.

Question: What are the tasks of the "center"?

Answer: "As a window, it plays an intermediary role." This is the aim of the "center" put forth by Premier Zhao Ziyang. The concrete tasks of the "center," entrusted by the State Economic Commission, are to coordinate cooperation of small and medium-sized enterprises of our country with other countries, to promote contact between them, and to stimulate the development of our small and medium-sized enterprises.

Question: At present there have been many windows for opening up to the outside world in our country. Are there any special features of the window opened by the "center?"

Answer: As a window, our "center" mainly plays the role of intermediary in the following three respects.

-- Do a good job of the role of intermediary. The "center" will not replace the part performed by other departments as windows for opening to the outside world. It only plays a major role of intermediary between departments, areas themselves, and between departments and areas. Working in coordination with other relevant departments, the "center" helps solve problems that a department or an area find difficult to iron out in its economic and technical cooperation with other countries.

-- In coordination with the relevant departments, it helps Chinese-foreign joint ventures, cooperative enterprises and enterprises run exclusively with foreign investment solve their problems with regard to production, operations and management. For example, an FRG-Chinese joint venture came across some problems which involved many departments. When it was at a loss what to do, the "center" helped it make contacts with the departments concerned and the problems were finally solved.

-- At the request of our small and medium-sized enterprise, the "center" helps establish connections with governmental and non-governmental small and medium-sized enterprises of other countries. It also imports and absorbs experiences of foreign small and medium-sized enterprises in production and management through participation in relevant world conferences.

Question: What has been done by the "center" since its establishment?

Answer: Since its establishment a few months ago, the "center" has associated with business circles of many countries and established regular or irregular contacts with economic organizations and small and medium-sized enterprises of more than 20 countries and regions, including the FRG, Japan and the United States, as well as ambassadors and attaches of their embassies to China. Meanwhile, it has exchanged a great deal of correspondence with enterprises at home and abroad. We also exchange visits with enterprises of other countries. Early this year, a delegation of our small and medium-sized enterprises visited the FRG and successfully promoted cooperation of small and medium-sized enterprises between Baden-Wurttemberg of the FRG and Suzhou, Wuxi and Changzhou of our Jiangsu Province; it is expected that a certain number of contacts will be concluded between them this year. Moreover, the "center" has also established connections with some large corporations of our country.

BEIJING INSURES MORE FOREIGN-FINANCED PROJECTS

OW091408 Beijing XINHUA in English 1346 GMT 9 Aug 86

[Text] Beijing, August 9 (XINHUA) -- The Beijing Branch of the People's Insurance Company of China has a total of 1.8 billion U.S. dollars insurance premiums from foreign-financed projects in the city.

The projects include Sino-foreign joint ventures, enterprises with sole foreign investment and offices representing foreign firms. Among the 50 policies are indemnity for losses of profit, machines, transport, accidents and theft.

The premium income of the branch collected from these projects during the first six months of this year was 5.5 times that of the corresponding period in 1985.

Yu Yingyuan, deputy manager of the branch's Foreign Insurance Department, attributed the rapid growth of business to the increase of Beijing-based foreign enterprises and their new forms of economic activities.

It has been calculated that by the end of June, there were 834 representative offices of foreign and overseas enterprises in China, including those from Hong Kong and Macao. The number of joint ventures reached 196. Most of these business agents and enterprises have registered with the insurance company, Yu said.

Meanwhile, the branch's domestic service is also booming, said another official from the home insurance department. Now the company is servicing 100 policies with a total premium of 30 billion yuan. About 80 percent of the city's collectively-owned enterprises have at least one policy each. And 327,000 households have been insured, as against only one five years ago, the official added.

RENMIN RIBAO ON RURAL ECONOMIC SITUATION

HK120155 Beijing RENMIN RIBAO in Chinese 9 Aug 86 p 2

[Newsletter by RENMIN RIBAO reporter Chen Jian: "New Tests, New Opportunities -- Roundup of Rural Economic Situation in the First Half of This Year" -- capitalized passages published in boldface]

[Text] The summer harvest situation has already become clear and people have begun to sum up the rural economic situation of the first half of this year. This reporter visited all the relevant departments in the agricultural sector and inquired into the status of the situation through various people. Many people hold that the gradual deepening reform and the quickly changing rural economy were confronted with new tests while making progress.

The rural economy in the first half of this year has revealed to us the following characteristics:

1. OUR LEADERSHIP OVER AND SUPPORT TO OUR RURAL ECONOMY WERE INTENSIFIED AND THERE WAS A NEW DEVELOPMENT IN OUR GRAIN PRODUCTION. Since last winter and spring, various areas have striven to implement the policy of "regarding agriculture as the foundation," the grass roots have "subsidized agriculture with income from industry," and the localities have substantially increased their investment in agriculture. Guizhou, Sichuan, Hubei, Guangdong, Guangxi and Shaanxi alone have increased by 450 million yuan their allocation of funds for capital construction and administration expenditures for their agriculture. The central authorities have also increased their investment in the bases that produce agricultural and sideline products and those that earn foreign exchange through exports or produce well-known quality local special products. People have begun to be enthusiastic again in carrying out agricultural capital construction in which they lost their interest for a few years. Our various areas have put in about 40 million days of labor to reclaim and improve 15 million mu of farm land. The sales of fertilizer have risen by over 10 percent compared with the same period last year. The percentage of agricultural loans that are used for farming and to help poor areas has also risen substantially. This year, the summer grain output in the whole country was more than 3 million metric tons over that of last year. Judging by the situation in various areas, the per mu output of wheat failed to rise substantially, but that of rice rose substantially. The increase in summer grain output was the consequence of intensified leadership, the rebound of market grain prices, and the decrease in the area of land for growing industrial crops such as cotton and flax in various areas. The output of marketable vegetables, fruit, melons and aquatic products was also greater than that in the same period last year.

2. WE PAID UNPRECEDENTED AND CLOSE ATTENTION TO THE TENS OF MILLIONS OF RURAL PEOPLE WHO DID NOT HAVE ENOUGH FOOD OR CLOTHING. OUR WORK TO HELP THE POOR ENTERED A NEW PERIOD OF ASSISTING THEM DEVELOP THEIR UNDERTAKINGS. [paragraph continues]

The establishment of the State Council's Leading Group over the Economic Development of Poor Areas and the formulation of the principle of attaching importance to "economic development" shows that people's understanding about the work of helping the poor has deepened. Correspondingly, all areas have made new efforts to probe into ways to help poor areas with funds, personnel, and resources. Shanxi, Henan and other provinces have switched from subsidizing the poor to providing them loans to help them develop production. The State Scientific and Technological Commission, the Ministry of Geology and Mineral Resources, and other departments have provided service in an effort to help poor people overcome poverty and have thus attracted everyone's attention.

3. WE HAVE BEGUN TO APPLY THE MARKET MECHANISM WHICH HAS THUS BEGUN TO PLAY ITS REGULATORY ROLE. THIS HAS GIVEN GISE TO A SUBSTANTIAL FLUCTUATION IN THE SUPPLY OF AGRICULTURAL AND SIDELINE PRODUCTS IN LINE WITH DEMAND. The first half of this year was characterized by the shrinking of the demand for some agricultural and sideline products. In addition, some areas set barriers for the exchange of goods and thus caused demand to fluctuate. As the prices of food for animals rose and as eggs and meat were stockpiled, there was a decline in animal husbandry in which we had made strenuous efforts to start development. After a sharp fall of cotton output last year, there was a further decline in the cotton field areas by about 10 million mu. This was a sharp decline rare in our history. The area of land growing hemp and flax fell by over 60 percent compared with last year and there was also a fall in the area of land that grew the industrial crops such as tobacco, sunflowers, peppermint, and sugar cane. The money that we spend in the first half of last year in purchasing agricultural and sideline products dropped compared with the same period last year.

The fluctuation in supply and demand was an inevitable outcome of the development of the commodity economy. This showed that our rural market has not yet become mature and our rural market has become even more closely linked with our masses of peasants who have been accustomed to a natural economy, to learn about and become adapted to the commodity economy.

What is worth noting is that there has been a trend toward reduction in the number of rural specialized households and individual industrial and commercial traders that have registered in our industrial and commercial administrative departments, the peasants in some areas have become less enthusiastic in developing their business and making investment. Sales of automobiles, boats and tractors which sold well for a time are sharply decreasing. It seems that steadily expanding demand should be an important task for a time to come in developing our rural economy.

4. THE GROWTH RATE OF OUR PEASANTS INCOME SLOWED DOWN AND STEADILY INCREASING OUR PEASANTS' INCOME IS BECOMING A MAJOR AND DIFFICULT TASK IN OUR RURAL WORK. some specialists held that this year our peasants' income will be higher than that of last year, but as the development of our township and town enterprise products fluctuated, the rate of increase may be smaller. What has pleased us is that all the areas have achieved new progress in developing a rural commodity economy in light of local conditions. In particular, it will continue to maintain a growth rate of 20 percent in spite of the rise in the costs of township and town enterprises and tax burdens.

Development is a historical process of continuously blazing new trails and forging ahead. A review of the development of our rural economy in the first half of this year should fill us with confidence and also keep us sober-minded. How are we to protect and support our peasants' initiative in developing the economy, how are we to protect rural enthusiasm in setting up businesses and making investments, how are we to utilize, stabilize and expand rural markets, how can our peasants grow into independent commodity producers as soon as possible...? Our tasks of rural reform are still heavy and it is still far from being fulfilled. New tests are urging us to more conscientiously probe into and carry out our reform.

PEASANTS IN WESTERN ZONES NARROWING INCOME GAP

OW120233 Beijing XINHUA Domestic Service in Chinese 0028 GMT 11 Aug 86

[By reporter Jiao Ran]

[Text] Beijing, 11 Aug (XINHUA) -- Because of accelerated economic growth in the rural areas of western China over the past 2 years, the gap between the income of peasants in the nation's western economic zones and that of their counterparts in the central and eastern economic zones is narrowing. In 1985 the average income of peasants in the western zones increased faster than that of peasants in the east.

This was disclosed by the Rural Investigation Group of the State Statistical Bureau.

Economic development in China's rural areas has been highly uneven. For a long time the income of peasants in the western zones was substantially lower than that of peasants in the central and eastern zones. Because most of the major means of production can move freely from one part of the country to another in recent years, resources of the eastern economic zones -- which include Shanghai, Beijing, Tianjin, Zhejiang, Guangdong, and Jiangsu, where peasants enjoy the highest income in the country -- have been moving to the western zones, which include Ningxia, Sichuan, Shaanxi, Guizhou, and Gansu, where the peasants' incomes are the lowest. This has stimulated economic development in the west, providing the peasants there more ways to make money. According to a sampling conducted by the Statistical Bureau's Rural Investigation Group, the average per capita income of peasants in the western zones was 321.7 yuan in 1985, or an increase of 14.9 percent over 1984; the average per capita income of peasants in the central zones was 388.6 yuan in 1985, or an increase of 9.5 percent over 1984; and the per capita income of peasants in the eastern zones was 462.7 yuan in 1985, or an increase of 9.4 percent over 1984. This shows that the income of peasants in the western zones was growing faster than that of their counterparts in the east.

Comparing the per capita income of peasants in the three economic zones against the national average shows that, in 1984, the per capita income of peasants in the eastern zones was 19.1 percent higher than the national average; the per capita income of peasants in the western zones was 26.9 percent lower than the national average; and the per capita income of peasants in the central zones was basically the same as the national average. The situation changed in 1985. In 1985, the per capita income of peasants in the eastern zones was 16.6 percent higher than the national average, and the average per capita income of peasants in the western zones was 23.6 lower than the national average. Based on the economic situation of the first 6 months, some economic experts believe that the gap between the net incomes of the peasants in these zones will continue to narrow this year.

The tendency shows that the nation's economy is developing from the east to central and western China, and that the economies of various economic zones are developing at the same time.

RURAL ENTERPRISES BECOME EXPORT ORIENTED

OW110112 Beijing XINHUA in English 0100 GMT 11 Aug 86

[Text] Beijing, August 11 (XINHUA) -- Nearly two thirds of China's 12,220 enterprises owned by rural collectives are now export-oriented, according to Zheng Tuobin, minister of foreign economic relations and trade. These enterprises earned the country four billion U.S. dollars in 1985, 700 million dollars more than in 1984.

China will tap the export potential of rural and defense industries during the Seventh Five-Year Plan period (1986-1990), the minister said. In Jiangsu province, now pioneering rural industrialization in China, more than 1,000 rural enterprises are producing for export, he said. Next to Jiangsu are Guangdong, Fujian and other coastal regions, where growing attention is being paid to helping rural industries export their goods.

OFFICIAL URGES HALT TO INDUSTRIAL LOSSES

OW081404 Beijing XINHUA in English 1349 GMT 8 Aug 86

[Text] Beijing, August 8 (XINHUA)--Turning unprofitable industrial businesses promptly into profitable ones is vital to "China's efforts to keep a balance between revenue and expenditure" this year, a senior State Economic Commission official said today. Industrial losses amounted to 2.01 billion yuan (about 543 million U.S. dollars) in the first half of this year, 75 percent of the total for the whole of 1985. The official said, "The chemical, machine-building, electronics, coal and light industries reported increased losses during that period."

Industrial losses dropped from 4.27 billion yuan in 1982 to 2.68 billion yuan last year. "The government plans to reduce losses by 15 percent this year," the official said. "Leaders of all localities and departments must do everything in their power to meet the target." He said increased losses were due largely to mismanagement. He called for the introduction of the initiative-based responsibility system throughout the country in a campaign to turn unprofitable businesses into profitable ones within a prescribed period.

With regard to businesses turning out saleable products and yet suffering losses mainly because of outdated equipment, the government policy is to aid them in speeding up technological upgrading, he pointed out.

"Meanwhile, we must resolutely shut down those factories suffering chronic losses and producing poor-quality goods at high cost," he said.

RETAIL PRICE INCREASES BEGIN TO SLOW DOWN

OW100608 Beijing XINHUA in English 0550 GMT 10 Aug 86

[Text] Beijing, August 10 (XINHUA) -- Price increases have begun to slow down following a year's fluctuation, the recent issue of Chinese English language weekly BEIJING REVIEW reports.

It quotes the State Statistics Bureau as saying that the prices of major consumer goods in the first half of this year remained at about the same level as they were last December and a comparison between 1986 and 1985 on a monthly basis shows that retail price rises dropped from 8 percent in January to 3 percent in June. The general retail price index for the first six months of this year was 5.5 percent higher than in the corresponding period last year. The consensus is that the rate of increase in retail price index can be limited within 6 percent.

The inevitable outcome of the price reform is that increased prices have brought about a glut in market supplies, which, in turn, have brought the prices down, it quotes director of the State Price Bureau Cheng Zhiping as saying.

China began its price reform last year, the first time such a big adjustment to the price system has been made since the founding of the People's Republic. The old price system was considered as neglecting the law of value.

Soon following the reform, prices of some goods shot up dramatically, especially the prices of meat, eggs, poultry and vegetables and the government began to offer monthly subsidies to help consumers to offset the higher prices. But soon complaints were dying down as the people found their life becoming better although things were more expensive. This proves that people's living standards do not depend on the stability of prices, the journal says, but on the quantity of goods produced and price reform has stimulated production, which, in turn, helped improve people's life.

Now in many localities, the prices of meat, eggs, poultry and vegetables have been stable or, in some cases, are even coming down. The rate of price rises for most staple and some non-staple food has been slowing down. Meanwhile, the prices of clothing, articles for education and recreation, medical treatment and medicines have all been going up steadily, though there is a tendency for the rate of price increase to come down along with the cost of living index. This is particularly obvious in bigger cities, the journal says.

Economists here attributed the encouraging phenomenon to, among other things, the efforts of local governments' strict measures to strengthen the control of market prices. They predicted that the rate of retail price increase will not be higher in the latter half of this year.

But the journal points out that the prices of raw materials for some light industries are going up, which will inevitably push up retail prices of many daily necessities, including newspapers and magazines.

PRC ACHIEVEMENTS IN SATELLITE RESEARCH

HK110525 Chengdu SICHUAN RIBAO in Chinese 23 Jul 86 p 2

[Report by Zhang Liquan and Chen Ruzhen: "Bring the Launching of Satellites and Rockets Under Control -- Deeds of the 10th Research Institute Under the Ministry of Electronics Industry in Developing the Satellite Monitoring and Control System"]

[Text] Glad tidings poured in from Beijing that the radio monitoring and control system for a satellite-carrying vehicle successfully developed by the 10th Research Institute under the Ministry of Electronics Industry won the national scientific and technological progress award, special class. In addition, various parts of the system's equipment also won national gold and silver medals for quality.

The system includes China's first generation large multi-functional microwave monitoring and control system, continuous wave multi-station monitoring equipment, and rocket installed responder. With this complete radio monitoring and control system, we can collect and transmit data on the flight path after launching the carrying vehicle and transmit telemetering and telecontrol data of the satellite orbit after placing the satellite in a synchronized orbit 35,800 kilometers away from the earth. On 1 February 1986, China successfully launched another synchronized satellite. The radio monitoring and control system for the satellite-carrying vehicle developed mainly by the system for the satellite-carrying vehicle developed mainly by the 10th Research Institute satisfactorily accomplished the essential monitoring and control tasks for the satellite.

The development and launching of synchronized satellites was one of China's grand space plans approved by the late Chairman Mao and Premier Zhou. In 1974, the state assigned the mission of developing the radio monitoring and control system for a satellite-carrying vehicle to the 10th Research Institute.

The 10th Research Institute had a galaxy of talent who took part in the experimental launching of satellites and missiles on several occasions. The institute's leading cadres, scientists, technical experts, and workers were inspired to undertake the mission of designing and developing China's first generation large multi-functional monitoring and control system. However, the "gang of four," who were then in power, tried by every means to make trouble. They clamored "up goes the satellite, down goes the red flag," which resulted in hindering the design and research work.

The downfall of the "gang of four" heralded a spring for science. Fu Laixiu, secretary of the institute CPC Committee at that time, told the comrades with fervent enthusiasm: "Now is the time for us to make all-out efforts." Together with the head of the institute Wang Yanhe, chief engineer Qian Wuhuang, and chief designer Guo Zhigang, Fu Laixiu reexamined the sketch design and started work with great enthusiasm. Then, all the offices, research centers, and workshops were in a bustle.

True, it was no easy job to attain advanced world levels by taking our own path. While China had not yet mastered such sophisticated technology, some countries enforced a technological blockade. Although there were numerous difficulties, the chief engineers, designers, group leaders, and technical workers of the institute were full of confidence and were resolved to catch up with and surpass advanced world levels.

Many units took part in developing and designing the project. The 10th Research Institute undertook the task of developing the multi-channel rocket installed responders, in which each responder had to deal with three ground stations. As the equipment had never been manufactured by China before, the responders could possibly interfere with each other and might strike sparks from high voltage if they were not properly designed. How should the question be settled?

The research workers consulted foreign reference materials and made explorations while conducting experiments. They drafted a folding frequency plan and applied the new technology of beat frequency to eliminate interference. After some 300 experiments were conducted, they found out why the sparks struck from high voltage and fundamentally resolved the difficult problem. Hence, they recorded things not even specified in foreign books.

Manufacturing a piece of equipment does not mean that everything will be fine. There are still many problems to be resolved. For example, after the manufacturing of the sample large multi-functional monitoring and control system, the machine cabinet, 1.8 meters in height, had to undergo temperature experiments in order to obtain accurate data of the impact of temperature on the equipment. However, the institute did not have such a big hothouse. What was to be done? With the cooperation of the comrades of the technology supervisory section, chief designer Guo Zhigang set up a laboratory with the materials available and made use of the low temperature of the winter evening and the high temperature produced by a room heater to resolve the difficult problem. As it was around Spring Festival, they spent the new year conducting the experiment.

After the end of 1981, the radio monitoring and control system developed mainly by the 10th Institute was transported to the base for installation. If we say that the design and production of the equipment relied mainly on the ambition and wisdom of the comrades of the 10th Institute, the test run of the equipment had to further rely on their spirit of revolution and dedication to the state. Take the test-run experiment of the rocket installed responders produced by the 10th Institute for example -- Xia Zaixing, deputy head of the responder room, and engineers Sun Bingchu, Xiong Wanhua, and Feng Liandi who took part in the experiment were all middle-aged comrades. Apart from the hard conditions at the experimental base, some comrades were not in good health and some had family problems. As a result, they were confronted with numerous difficulties. Nevertheless, they went on undeterred by the dangers ahead. They boarded the airplane with the equipment and conducted the experiment with the stations one by one. They made some 20 flights and passed through 8 ground stations, travelling over 6,000 kilometers, and successfully accomplished the experimental mission.

When China launched its synchronous communications satellite, the comrades of the 10th Institute were proud to see that the equipment they produced could stand various tests and proved itself to be a first-class product of world standard. Hence, they resolved to work harder to further develop China's sophisticated technology.

GEOSYNCHRONOUS SATELLITE A TOOL FOR METEOROLOGY

OW071245 Beijing XINHUA Domestic Service in Chinese 1029 GMT 6 Aug 86

[By reporter Sun Maoqing]

[Text] Beijing, 6 Aug (XINHUA) -- The "Geosynchronous Satellite High and Low Resolution Image Processing System" passed assessment tests in Beijing on 5 August.

This system will be able to display synoptic and cloud charts ranging from the Pacific Ocean in the east, Europe in the west, the Equator in the south, and the Arctic forecasting calamitous weather and in ensuring flight safety in good time.

The following is what this reporter saw in the showroom of the appraisal meeting. As soon as the geosynchronous weather satellite sent out the signals, the receiver immediately fed them to a computer for processing. The monitor screen soon displayed a 16-color synoptic chart showing cloud layers, thunderstorms, torrential rains, and typhoons in various localities. Also on the chart, one could see clearly the location, strength, and movement of a typhoon.

This achievement has brought the role of computer into full play. By making good use of software application, various functions can be performed, such as data input and output, data storage, image filtering, drawing, revision and analysis of cloud charts, geometric conversion, showing cloud charts in consecutive order, and color mimeographing. Experts believe that the performance and functions of the system are in the lead domestically, while some of them are better than similar products abroad. The system indicated that China has taken an encouraging step toward modernization of geosynchronous satellite high and low resolution image processing.

This achievement was attained through the joint efforts of the Air Force Meteorology Institute and the Air Force Meteorological Center with the assistance of the Shanghai Jiaotong University.

GUANGMING RIBAO ON LEADER RESPONSIBILITY SYSTEM

HK111242 Beijing GUANGMING RIBAO in Chinese 3 Aug 86 p 3

[Article by Shen Ronghua: "Further Improve the Leader Responsibility System"]

[Text] The PRC Constitution clearly specifies that the state administrative organs pursue the leader responsibility system. Practice in the past few years shows that this leadership system can raise the efficiency of administrative work and has many advantages. However, some aspects in this system have yet to be further improved. Many aspects of the leader responsibility system have not yet been concretely specified in the form of administrative regulations, so many things cannot be based on laws and regulations. The following points are some prominent problems: First, the scope of issues to be dealt with at administrative meetings is not clearly specified. One of the characteristics and advantages of our country's leader responsibility system is that major issues within the jurisdiction of state administrative organs must be collectively discussed and decided at administrative meeting so as to ensure democratic procedures and pool the wisdom of the leading body. However, our law now does not clearly define major issues and ordinary issues, so various localities have different decision-making procedures to handle administrative affairs. This has given rise to two deviations: 1) Some members of the leading bodies of state administrative organs wittingly or unwittingly make decisions on major issues on their own without submitting such issues to the whole leading body for collective discussion. In such cases, they abuse their powers. 2) Some leaders of state administrative organs like to submit minor issues which they themselves can solve personally to the administrative meetings of their organs for fear of violating the collective leadership system and taking responsibility for such things. This creates too many issues to be solved at the administrative meetings, and these issues pile up and cannot be solved quickly.

Second, it is not clear whether the leader of an administrative organ has the power to finally decide some things. Under the leader responsibility system although major issues must be discussed by the leading collective, this does not mean that all personnel participating in the administrative meeting have equal power to decide things or have an equal vote. At the administrative meetings, decisions are not made according to the principle of the minority being subordinate to the majority; instead, final decision are made by the leader of the organ on the basis of summing up the correct opinion at the meeting. The question now is if different opinions appear at a meeting, whether the leader has the power to make a final decision or even veto the opinion of the majority. Because there are no clear stipulations in the law on this point, two extreme practices are often seen in our work: In some cases, the leader responsibility system is simplistically regarded as a system under which departmental leaders can decide everything on their own. At meetings, the leaders do not carefully listen to other people's opinions and do not seriously sum up correct opinions, because they think that they themselves will have the final say and other people's opinions are not important. In other cases, when different opinions appear at the meetings, leaders do not make resolute decisions but just blindly follow the opinion of the majority. This leaves the leader responsible only in name. Third, the responsibilities and duties of each member of the leading body are not clearly defined. According to Articles 92 and 110 of the Constitution and Article 32 of the Local Organizations Law, the people's government should be answerable to the people's congresses at the same level and to the state administrative organs at the higher level. Many people think that each leader of an administrative organ only bears part of the collective responsibility and does not bear any personal responsibility for the organ's work. That is to say, all members of the leading body have to share responsibility when there are problems in the organ's work. As a result, "collective responsibility merely exists in name, and in fact no person really takes responsibility." ("Selected Works of Deng Xiaoping," p 141) Fourth, the functions of party organizations are not clearly separated from the functions of the administrative organs. Through reform in recent years, the phenomenon of party functions being confused with administrative functions has been reduced but has not been completely overcome. Some party committees still meddle in the routine administrative affairs of the government at the same level, while some party committee in educational, industrial, finance, and other departments are still handling the professional work of these department by approving documents, making decisions, and issuing instructions. This will prevent the party organizations from concentrating on handling party affairs and ensuring the implementation of major policies and principles. At the same time, this also hinders the administrative leaders from exercising centralized and efficient leadership over routine administrative and professional work. As a result, both the party's leadership and administrative work will be weakened.

In light of the above-mentioned problems and defects, it is necessary to formulate administrative regulations and rules for the state administrative organs to handle their work. The laws and regulations should clearly specify the detailed contents of the leader responsibility system. When formulating these regulations and rules, we should pay special attention to the following points so as to perfect the leader responsibility system.

First, it is necessary to clearly specify the scope of issue being dealt with by the administrative meetings. The regulations and rules should be able to prevent individuals from deciding important issues and prevent minor issues from being left to the leading collective for decision. The best way to achieve this is to clearly specify the scope of issues being dealt with by the administrative meetings.

Issues within this scope must be discussed, and the administrative leaders have no power to make decisions on them before they are discussed at the meetings. Issues beyond this scope can be solved by individual leaders according to their division of work. "It may be difficult to avoid mistakes under this system, but it is still a better situation — and easier to rectify — than one in which there are discussions without decisions, decisions without implementation, and endless procrastination and delays in resolving problems." ("Selected Works of Deng Xiaoping," p 247)

Second, it is necessary to clearly specify the power of the administrative leader in making final decisions. In general, this power should be used through the following procedure: The affairs are first fully discussed at the administrative meetings, and the administrative leader makes a decision on the basis of summing up the correct opinions of the majority at the meetings. If different opinions appear at the meetings and no agreement can be reached, the leader should have the power to make the final decision so as to prevent the situation in which endless discussion does not lead to any decision. If the personal opinion of the administrative leader varies from the opinion of the majority of the leading body and if the decision must not be delayed, the leader should have the power to put his own opinion into practice; but if the decision can be delayed, the administrative leader should not deny the opinion of the majority and should again discuss the issue at another meeting on the basis of making full investigations and studies and making full consultations after the first meeting.

Third, it is necessary to clearly specify the responsibilities and duties of each member of the leading body. Under the responsibility system, the administrative leader should bear main responsibility for the organ's work because he takes charge of the organ's overall work and has the highest decision-making power. However, this does not mean that the administrative leaders should bear responsibility for everything in his organ's work. What he should be responsible for are major and overall affairs. The authorities concerned should affix the responsibility for a concrete affair to an individual rather than merely to the leading collective by blaming all members of the leading body without discrimination.

It is also necessary to clearly divide the functions of party organizations and administrative organs. "From now on, all matters within the competence of the government will be discussed and decided upon and the relevant documents issued, by the State Council and the local governments concerned." ("Selected Works of Deng Xiaoping," p 299) "Comrades in leading party organs, in addition to seeing that the party's general and specific policies are carried out and deciding on the assignments of important cadres, should devote most of their time and energy to ideological and political work, to mass work, and to helping solve problems directly related to people." ("Selected Works of Deng Xiaoping," p 324) Party committees in various professional, economic, and functional departments should concentrate on ensuring the implementation of the policies in these departments and concentrated on party affairs and should not prevent themselves from being entangled with routine administrative and professional affairs. The state administrative organs should independently perform their functions as specified by law under the leadership of the administrative leaders. At the same time, they should consciously subject themselves to the guidance of the party's policies and to the party's leadership in the organizational, ideological, and political aspects.

DISCIPLINE CASES INVOLVE TWO BILLION YUAN

HK110353 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0156 GMT 8 Aug 86

[Text] Beijing, 8 Aug (ZHONGGUO XINWEN SHE) -- According to a report carried in today's ZHONGGUO FAZHI BAO, the auditing organs of the nation examined the accounts of more than 32,000 units in the first 5 months of this year and exposed discipline violation cases involving 2.4 billion yuan. Of this, there were 235 cases involving over 1 million yuan each.

Since the beginning of this year, the auditing organs of various localities have examined the sources of self-raised capital construction funds of every description; the income and expenses of the large-and medium-size material supply and foreign trade enterprises, financial and taxation departments, bank and trust organs, and educational departments; and receipts from fines and confiscations.

The examination of the accounts shows that the inappropriate sources of many self-raised capital construction funds items are the prominent discipline violation problems at present.

There are also many problems concerning tax evasion and withholding of income figures by the material supply enterprises. In this respect, the discipline violation cases exposed by the auditing organs involved around 100 million yuan.

NEW EDITION OF MAO WORKS TO BE PUBLISHED

OW081320 Beijing XINHUA in English 1202 GMT 8 Aug 86

[Text] Beijing, August 8 (XINHUA) -- A new edition of selected readings from the late Chairman Mao Zedong's works will be published next month by the People's Publishing House.

Compiled by the Editorial Committee on Party Literature of the Central Committee of the Chinese Communist Party, the work, in two volumes, includes 68 articles by Mao Zedong, late chairman of the Central Committee of the Communist Party of China (CPC), written between 1921 and 1965, some of which have not been published before.

An official from the party literature research center of the CPC Central Committee said today that all the articles in the newly-edited book are important and basic works of Mao Zedong which he wrote in various historical periods. They embody "Mao Zedong Thought" -- the scientific result of combining the fundamental tenets of Marxism-Leninism with the concrete practice of the Chinese Revolution and construction, including "On Protracted War" and "On New Democracy".

The first article in the book is the "Speech at Changsha Meeting of the Society of the New Masses" in 1921, which marks Mao Zedong's choosing of the Marxist-Leninist revolutionary road.

The two old editions of the "Selected Readings From Mao Zedong's Works" were published in 1964, but they neglected some important articles.

The official said that the new edition also includes some revisions and supplements to the explanatory notes to some articles in the "Selected Works of Mao Zedong".

In addition, other new works related to Mao -- "Selected Poems of Mao Zedong", "Reading: Mao Zedong's Hobby" and an english edition of "Mao Zedong: Biography-Assessment-Reminiscence" -- will also be published next month.

WORLD-STANDARD MICROCOMPUTER DEVELOPED

OW080133 Beijing XINHUA Domestic Service in Chinese 1314 GMT 7 Aug 86

[Text] Beijing, 7 Aug (XINHUA) -- A Changcheng 0520 C-H advanced Chinese microcomputer, one of the key state scientific and technological projects during the Sixth 5-Year Plan, passed inspection of its finalized production design in Beijing today and will go into mass production soon. This achievement indicates that China's microcomputer technology has attained advanced international standards.

Designed and developed by China's electronics industry in July 1985, this new type of microcomputer makes good use of China's advantages in processing Chinese characters, adopts advanced array [men zhen 7024 7109] technology, and contains a high-quality Chinese-character and graphic display system. It is highly reliable, durable, and largely compatible with U.S. IBM PC microcomputers. Its function of processing data in Chinese characters is superior to the various microcomputers currently imported into China. Trial use has proved that this new type of microcomputer can rival high-quality advanced foreign models of the same type, and has attained advanced international standards.

According to the experts who conducted the inspection, this type of microcomputer is novel in design, reliable in performance, easy to operate, and has wide application in transport, communications, banking, automatic office machines, the military, science research, and the examination of books.

It is learned that in less than a year of trial production, more than 5,000 such microcomputers have been produced and sold, and orders have been placed for 15,000-odd units. Many ministries and commissions under the central authorities have decided to promote the use of this kind of microcomputer instead of importing similar foreign models.

JINGJI RIBAO QUOTES MINISTER ON STEEL OUTPUT

OW070330 Beijing XINHUA in English 0101 GMT 7 Aug 86

[Text] Beijing, August 7 (XINHUA) -- China's steel output is expected to top 50 million tons this year, up from 46.7 million tons in 1985, the "ECONOMIC DAILY" reported today. Production will exceed the year's quota by one million tons, the paper quoted Qi Yuanjing, metallurgical industry minister, as saying. He said the country produced 25.5 million tons of steel and 24.1 million tons of pig iron during the first half of the year. Rolled steel output was 20 million tons, according to Qi.

ANHUI MEETING ON RESETTLING MILITARY RETIREES

OW112230 Hefei Anhui Provincial Service in Mandarin 1000 GMT 9 Aug 86

[Text] The Anhui provincial conference on the resettlement of military retirees took place in Hefei 6-7 August. Meng Fulin, member of the Standing Committee of the Anhui provincial party committee, and vice governor of Anhui; and (Liu Guangcai), member of the Standing Committee of the Anhui provincial party committee, head of its Organization Department, and chief of the Anhui Provincial Group for the Resettlement of Military Retirees, addressed the conference.

The meeting conveyed the guidelines set forth at the national conference of advanced collectives and individuals on the resettlement of military retirees and the national conference on the resettlement of military retirees, examined Anhui's experiences in resettling military retirees in 1985, and drew up this year's resettlement projects.

The meeting pointed out that 1986 is the second year of implementing the central authorities' strategic decision of restructuring the Armed Forces and reducing the Armed Forces by 1 million, and that it is also a crucial year in which the largest number of military retirees will be settled. It said: All localities must regard the resettlement of military retirees as an important project and support the Armed Forces' reduction-in-strength reorganization and defense construction with actual deeds.

The meeting urged all localities to welcome the military retirees, place them in proper positions, retrain them earnestly, and use them rationally so that they can give full play to their wisdom and talents in material and spiritual construction, and continue to render new meritorious services to the people.

Those attending the conference -- cadres of provincial, prefectural, municipal, and county organs in charge of resettlement of military retirees -- pledged to follow the guidelines of the conference, and do even better resettlement work this year than they did last year.

FUJIAN PROVINCE SUFFERS WIDESPREAD DROUGHT

HK110817 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1132 GMT 5 Aug 86

[Text] Fuzhou, 5 Aug (ZHONGGUO XINWEN SHE) -- Fujian Province is suffering its most serious drought in the last 80 years. At present, 51 out of the 68 counties and cities in this province are suffering drought which has rarely happened before. Some 2.9 million mu of crops are seriously threatened by the drought. Some paddy shoots have died for lack of water in the 500,000 mu of paddy fields. No rice shoots can be planted in some dry fields.

This year, there has been little rain in Fujian Province. Moreover, the temperature has been very high since July. This makes the drought even more severe. The drought in Fuzhou City and Ningde Prefecture is particularly serious. In Quanzhou City, some 600,000 mu of crops is now affected by the drought.

Leading organs at various levels in Fujian Province have gone all out to handle the work of fighting against drought. On 2 August, the provincial government held an urgent meeting to arrange this work. Yesterday evening, the provincial leading organs held an urgent telephone meeting.

Jia Qinglin, deputy secretary of the Fujian Provincial CPC Committee, gave instructions to officials in the drought-stricken areas to fight against drought. Chen Guangyi, secretary of the provincial party committee, and Hu Ping, provincial governor, are now personally directing drought-resistance work in Quanzhou City and Fuqing County.

WAN SHAOFEN VISITS JIANGXI RURAL WORK MEETING

OW110515 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 9 Aug 86

[Excerpts] The provincial symposium on rural work opened in Nanchang on 5 August and ended today. The main agenda items were to analyze the situation in Jiangxi's countryside in the first half of 1986, exchange experience in rural work, and discuss and arrange tasks for the next 5 years -- all centered round the theme of economic development and more intensive reform in the countryside.

Attending the symposium were responsible comrades in charge of rural work and directors of the rural work departments of all prefectures and cities; secretaries of the party committees of Dongxiang, Wuyuan, Pengze, Xiajiang, Shanggao, Nanchang, and Nankang counties; and responsible comrades of related provincial-level units.

During the meeting, comrades from a number of prefectures, cities, and counties briefed delegates on the production situation in various localities, pointed out the various problems they had encountered in the course of reform, and conducted animated discussions.

Xu Qin, deputy secretary of the provincial party committee, summed up all opinions aired during the meeting and made a speech at the close of the meeting. He noted six points: 1) striving for a steady increase in this year's total grain output and the full development of all other undertakings; 2) continuing to perfect the household contract system; 3) quickly conducting cooperation in rendering services; 4) boldly allowing peasants to enter the market to stimulate commodity circulation; 5) supporting specialized households to prosper through hard work and helping poor households solve feeding and clothing problems; and 6) paying great attention to winter production to lay a good foundation for next year. [passage omitted]

Xu Qin said: This is the first year of the Seventh 5-Year Plan, and obtaining a good harvest for the whole year is of tremendous significance in smoothly accomplishing this plan. Party and government leaders at all levels must brace themselves and make sustained efforts to achieve a steady increase in this year's grain output and general development of all other undertakings as a good beginning to the Seventh 5-Year Plan. To achieve this objective, first, it is necessary to ensure an increase in grain production and strive to fulfill and overfulfill this year's total grain output quota of 31 billion jin, secondly, it is imperative to develop cash crop production; thirdly, it is necessary to accelerate development of aquatic production; and fourthly, it is urgent to strive for the continuing and still greater development of town and township industry. [passage omitted]

In the course of the meeting, Wan Shaofen, secretary of the provincial party committee, came to the meeting hall to visit all participants. Pei Dean, member of the Standing Committee of the provincial party committee, and (Sun Xiyue), vice governor of Jiangxi, attended the meeting.

YANGCHENG WANBAO ARTICLE URGES FREE SPEECH

HK110425 Guangzhou YANGCHENG WANBAO in Chinese 2 Aug 86 p 2

[Article by Chen Xiaochuan: "'There Is No Sound There To Hear' Is Not a Good Thing"]

[Text] Recently, it has been noticeable in society that people "may eat meat at their dining tables but they still like to grumble when putting down their bowls."

Not long ago, I met an elder who was a retired cadre in the provincial party committee at a minor meeting. He said: "Why do those people always grumble? Doesn't our ideological and political work play a role?" It seemed that he did not quite understand the situation in which the masses can freely air what is on their minds, so he asked this question: "Why do you still grumble even when you have meat to eat?"

"The grumbles after eating meat" can be divided into several types of cases: First, as Comrade Zhang Ming said in his article, people are grumbling about various unhealthy tendencies; second, sometimes, when prices increase, housing is in short supply, and it is hard to get on a bus, people may become full of grievances and many grumble aloud; third, their mentality may not be adapted to the redistribution of material interests caused by reform, so they may "grumble" about people who have become rich quickly and about their own not-so-handsome incomes. If we carefully study all these grumbles, we may find that they all reflect things that are on people's minds.

When the people have no worries about openly airing their grumbles, they in fact trust our party. So we should not be too alarmed at such grumbles, still less should we check these grumbles. The sensible attitude toward them is first, to welcome them and second, to encourage people to say what is on their minds. The ordinary people have a clear idea about the Communist Party and the reforms. Although prices have risen, people's living standards have indeed been raised, the party central leadership has taken serious measures against the unhealthy trends and severely dealt with the corrupt cadres involved in serious cases. Everyone is glad to see this. Reform has enabled peasants to lead a wealthier life and they all praise the policies that have brought about this situation. So we should have more self-confidence.

For many years, some of our comrades have been used to listening to people's eulogies and are not used to listening to their lively discussions and grumbles. Whenever they hear people's grumbles they may think that these people are cursing. Perhaps they are too nervous. More than 20 years ago, some intellectuals were labeled as rightists after they aired some critical opinions, which were regarded as "vicious attacks" against the party. This painful lesson must be kept in our minds. Now we should create a frank and harmonious atmosphere in which people may trust each other. We should seriously listen to people's complaints and grumbles and should carefully analyze these opinions. We must not overreact to these opinions. Allowing people to speak freely will only be beneficial to our cause. If the masses dare not speak what is on their minds and everyone keeps silent, it would be a very dismal situation.

Recently, a central leading comrade stressed: Silence is never a good thing for a ruling party. This is a reasonable viewpoint. Since we allow people to speak freely, then we should not expect everything they say to be as pleasant as we hope.

GUANGDONG LEADERS PRAISE PARTY EDUCATION EXHIBIT

HK090153 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 8 Aug 86

[Excerpts] A provincial exhibition on education in party spirit, style, and discipline opened in the Guangzhou cultural center this morning. [passage omitted] Responsible persons of the province and city Lin Ruo, Ye Xuanping, Xie Fei, Wang Ning, Liang Lingguang, Wu Nansheng, Wang Zongchun, Xu Shijie, and Zhu Senlin visited the exhibition a few days ago and fully affirmed its vivid educational materials. [passage omitted]

HENAN RIBAO VIEWS PROCUREMENT, SALES PERSONNEL

HK090658 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 6 Aug 86

[HENAN RIBAO commentator's article: "It Is Necessary To Attach Importance to the Building of Contingent of Procurement and Sales Personnel"]

[Text] To develop socialist commodity economy, a powerful contingent of procurement and sales personnel is required. However, due to the influence of the idea of regarding production as more important than circulation, quite a few problems have existed for a long time in building the contingent of procurement and sales personnel. These problems have impaired the development of commodity production in the province. While much needs to be done to resolve these problems, efforts should be made to promptly grasp the following three tasks at present.

1. Rehabilitate the name of procurement and sales personnel. Some people believe that engaging in industrial and agricultural production is a proper occupation, while engaging in procurement and sales is not proper business. This is the prejudice of those who harbor leftist ideas and the idea of small-scale peasant economy against procurement and sales work.

2. Strengthen leadership over the contingent of procurement and sales personnel. At present, procurement and sales personnel in most industrial and commercial enterprises, and particularly in state-run industrial and commercial enterprises, still engage in the practice of "eating from the same big pot" and [words indistinct]. These industrial and commercial enterprises have failed to seriously implement the existing responsibility system. When procurement and sales personnel get extra bonuses in accordance with the regulations, some people would be envious. When procurement and sales personnel spend some normal operational money, some people would criticize it as an unhealthy trend. In the right time, some people would make procurement and sales personnel the target of attack. Consequently, even the best responsibility system would become a mere scrap of paper. This situation must be ended as soon as possible.

3. Upgrade the quality of procurement and sales personnel. Procurement and sales is knowledge. All procurement and sales personnel must be determined to update their knowledge, familiarize themselves with the market, master economic information, and gradually bring about the switch from operation-type to scientific-type of the contingent of procurement and sales personnel.

HUBEI MEETING DISCUSSES SUMMER GRAIN OUTPUT

HK100317 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 9 Aug 86

[Excerpts] From 6 to 8 August, the provincial party committee and government held an on-the-spot meeting on autumn sowing in Xiangfan City, which demanded that the province get a good grasp of this year's autumn sowing and production from the plane of strategy and strive for a new advance in summer grain and oil crop production next year.

The meeting conveyed Provincial CPC Secretary Guan Guanfu's views on getting a good grasp of summer grain and oil crop production and doing a good job in this year's autumn sowing. Qian Yunlu, deputy secretary of the committee, and vice governors Wang Hanzhang and Han Danpeng attended the meeting. Wang Hanzhang spoke at the beginning of the meeting. Qian Yunlu delivered a summation. [passage omitted]

Xiangfan City's 5.6 million mu of summer grain this year gave an average yield of 250 kg per mu and a total output of 1.385 million kg. The city's summer grain now accounts for over 40 percent of its annual grain output, compared with 25 percent before the 3d Plenary Session of the 11th CPC Central Committee. The city's main experiences are as follows: 1) Leaders at all levels attach importance to summer grain production. They have strategic vision and have done well in formulating plans and implementing measures. 2) They rely on scientific and technological progress. [passage omitted] 3) All sectors and trade have been mobilized to support agriculture, and services have been stepped up. [passage omitted]

Qian Yunlu demanded that the province do well in studying, learning, and popularizing Xiangfan's experiences. In order to achieve a new advance in summer grain and oil crop production next year, Qian Yunlu stressed the following views in the course of his summation.

1. Fully recognize the important position of summer grain and oil in the province's grain and oil production, and the potentials to be tapped, and strengthen the sense of urgency. [passage omitted] During the Sixth 5-Year Plan, the province's total grain output reached 22.5 billion kg. During the Seventh 5-Year Plan we must reach 25 billion kg, an average of about 475 kg per person. It is essential to make all-out efforts to achieve this goal. [passage omitted]

Summer grain is a weak link in Hubei, and also has the greatest potentials. The party committees and government at all levels must strive for a breakthrough in summer grain output so as to help raise grain output to a new level. Next year we should strive for an improvement of 25 kg in average yield per mu, to reach 200 kg. Total summer grain output should surpass 5 billion kg. We must from now on do a good job in all preparations for autumn sowing and fulfill the task with high standards and quality.

2. We must apply the spirit of reform to grasp key technical measures in summer grain and oil production. We must rely on scientific and technological advance and continue to bring into play the power of the policies. [passage omitted]

3. Strengthen leadership and step up the provision of services. [passage omitted]

NEI RONGGUI ON SICHUAN POPULATION PROBLEMS

HK100237 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 9 Aug 86

[Text] The current population situation in Sichuan has become a very heavy burden on the province's economic and social development. This was stated by Nei Ronggui, deputy secretary of the provincial party committee, at the provincial birth control work conference convened this afternoon. He hoped that the comrades will clearly understand the situation and attach great importance to controlling population growth.

Sichuan is facing a peak birth period lasting more than 10 years, when it will be directly affected by the second peak birth period that occurred during the years 1963-1975. Whether we can strictly control population growth and fulfill the state's population plan during this peak birth period represents an extremely great problem facing the province.

Nie Ronggui stressed at the meeting: We must certainly not slacken birth control just because the economy is maintaining sustained and steady development, neither can we neglect birth control just because the population growth rate is declining each year." Still less can we negate the important position of birth control in the whole process of economic and social development just because people's living standards have improved. The party committees and government at all levels must assign birth control work an extremely important position and regard it as a long-term strategic principle to be grasped without pause.

Liu Chunfu, director of the provincial birth control leadership group, delivered a report at the meeting. He said: The Seventh 5-Year Plan coincides with a peak birth period. For 11 successive years, 1987 to 1998, over 1.2 million young couples will be entering the age of marriage and child-bearing every year. The province must keep its annual natural population growth rate below 11 per 1,000 during the Seventh 5-Year Plan. Whether compared with the whole country or with the province's effort during the Sixth 5-Year Plan, this task is extremely arduous and heavy.

Also present at the meeting today were Huang Qichao, member of the Standing Committee of the provincial party committee; Liu Haiquan and Liu Yunbo, vice chairmen of the provincial People's Congress Standing Committee; and responsible persons of the provincial Birth Control Commission.

During the meeting the participants will discuss how to strengthen leadership and raise birth control work in the province to a new level.

SICHUAN LEADERS AT LONG MARCH VICTORY EXHIBIT

HK090222 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 8 Aug 86

[Excerpts] To mark the 50th anniversary of the victory of the Long March of the Chinese Worker-Peasant Red Army, a photographic exhibition organized by the Political Department of Chengdu Military Region, the Sichuan Provincial Exhibition Hall, and the provincial photographers' association opened in Chengdu on 8 August. [passage omitted]

The opening ceremony was attended by Wan Haifeng, Yang Rudai, He Hacju, Jiang Minkuan, Ma Bingchen, Li Shuo, Feng Yuanwei, Yang Wansuan, Gu Jinchi, Meng Dongbo, Ji Chunguang, Shao Nong, and other leading comrades of Chengdu Military Region, the Sichuan Provincial CPC Committee, Advisory Commission, Discipline Inspection Commission, People's Congress Standing Committee, government, and CPPCC, and Chengdu City CPC Committee and government. [passage omitted]

Chengdu Military Region Political Commissar Wan Haifeng and Provincial Party Committee Secretary Yang Rudai made speeches. [passage omitted]

YUNNAN TO CHECK ON ENTERPRISE REFORM PROGRESS

HK090257 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 8 Aug 86

[Excerpts] The provincial government recently decided to carry out a major province-wide check on the implementation of enterprise decision-making powers, on stopping the practice of indiscriminately imposing charges and fees on enterprises, and on product quality, so as to eliminate obstacles and spur the progress of economic structural reform, and also to solve the problem of social and economic results being adversely affected by a decline in product quality. The main contents of the check are as follows:

1. The implementation of the relevant policies on expanding decision-making powers issued by the State Council and the provincial government.
2. The situation in putting a stop to the practice of indiscriminately imposing charges and fees on enterprises, together with views on dealing with such cases.
3. The situation in implementing policies and the existing problems in the first batch of 97 enterprises designated by the provincial government for invigoration this year.
4. The measures and the implementation of the measures for perfecting economic responsibility systems within the enterprises.
5. To carry out an all-round check on product quality. [passage omitted]

This check will take about 1 month. A provincial inspection group headed by Vice Governor Zhu Kui has now formed. It is about to leave for the prefectures and cities throughout the province.

BCC COMMENTARY VIEWS USSR OVERTURES TO PRC

OW112211 Taipei CNA in English 1436 GMT 11 Aug 86

[Text] Taipei, Aug 11 (CNA) -- The following is a commentary by the Broadcasting Corporation of China (BCC) in Taipei entitled "Gorbachev's Olive Branch."

After initial silence, Peking has made a positive response to Soviet party boss Mikhail Gorbachev's recent proposal for troop reductions along the Sino-Soviet border.

Although Red China has not made any official statement on the proposal, all signs indicate that Peking is taking Gorbachev's speech in Vladivostok quite seriously.

Soviet Deputy Foreign Minister Mikhail Kapitsa said at a press conference last week that a "positive assessment" by Peking has been conveyed to Moscow through unofficial channels.

Kapitsa's claim was well founded. A spokesman for Peking's Ministry of Foreign Affairs Yu Chih-chung, said Gorbachev's speech was "under study" and admitted that the Soviet leader "made some new remarks on improvement of Sino-Soviet relations that have not been made before."

Gorbachev called for negotiations to cut troop strengths along the 7200-kilometer common border and hinted that Moscow might withdraw a substantial portion of the 50,000 to 60,000 troops along communist China's border with Outer Mongolia.

Gorbachev even remarked that he did not want the Amur River dispute to become a "water obstacle" to better relations with Peking, and that an inter-governmental agreement was being worked out on a mid-channel border.

This is also a major Soviet concession. Moscow had previously insisted that the border should be on the Chinese side of the Amur River, leaving the entire water course in Soviet hands, including the Chenpao Island, scene of a bloody clash over a decade ago.

Both Teng Hsiao-ping and Hu Yao-pang gave guarded praise to Gorbachev's remarks in separate meeting with a ranking Japanese politician, indicating that Peking is showing more than passing interest in his proposal.

Things will not stop here. The foreign ministers of the two communist neighbors will meet in New York at the United Nations next month. They are certain to discuss the matter. It would not be a surprise of Peking make an official response even before then.

Both sides have the motives to mend fences, after all, they are ideological allies, not to mention the fact both have the United States in mind in seeking better ties.

Substantial progress has already been made in this respect since Peking and Moscow started normalization talks in 1982 after the late Soviet leader Brezhnev broke ice in a speech in Siberia. Besides growing cultural and economic ties, they have been started addressing each other as "comrades."

What stands in the way of a political rapprochement is what Peking calls "three obstacles," -- Soviet troop deployment on the Sino-Soviet border, Moscow's occupation of Afghanistan and Soviet support for Vietnamese occupation of Cambodia.

The solution of the first obstacle will be quite a big step in the direction of a full patchup between the two communist regimes. It would also enable both sides to reduce their conventional forces so that they could devote more of their resources to economic build-up.

The interesting question now is how the United States will respond to the development. In all probability, Washington's "China card" concept will be put to its severest test.

TAIWAN ECONOMICS OFFICIAL REMARKS ON TRADE TALKS WITH U.S.

OW091736 Taipei CNA in English 1456 GMT 9 Aug 86

[Text] Taipei, Aug. 9 (CNA) -- The results of the ROC [Republic of China]-USA trade consultative talks which ended in Washington Friday not only are in line with the ROC Government's policy of economic liberalization and internationalization but will also enhance the trade relations between the two nations, a ranking Economic Ministry official said in Taipei Saturday.

Vice Economic Minister Li Mo said that judging from the tense atmosphere in the talks, calls for protectionism in the U.S. will become stronger in the future with the continued increase of U.S. trade deficits. Li urged the domestic manufacturers not to regard the diversification of market as a slogan, saying that if they still do not try to enhance the competitiveness of their products and adjust their structure, they will not be able to survive the impact brought by other protective measures in the U.S.

Although the U.S. has agreed to allow some products from this nation to continue to enjoy the benefits of the generalized system of preferences [GSP], these products will have to graduate from the GSP sooner or later, he said. And therefore, domestic manufacturers should not be too excited about it and should again begin to make preparations to cope with a new situation, Li said.

Li admitted that tariff cuts and abolition of the duty paying tables and the export performance requirements will have certain impact on the nation's industrial development in the beginning, but added that they are necessary steps in promoting the nation's long-term economic development.

DUTY LIST ABOLITION AVERTS U.S. RETALIATION

OW090307 Taipei CNA in English 0244 GMT 9 Aug 86

[Text] Taipei, Aug. 8 (CNA) -- Vice Minister of Finance Pai Pei-ying said Friday the U.S. delegates at the ROC [Republic of China]-U.S. trade talks have agreed not to retaliate against this nation's exports, as the ROC delegation has accepted the U.S. proposal that it abolish the duty paying list in October.

In the meeting, the ROC delegates explained to their American counterparts the reasons for and background of the duty paying list during this transitional period in the nation's economic development.

They also assured the Americans of the ROC Government's sincerity in respecting existing agreements between the two countries, Pai said, adding that the U.S. delegates have expressed understanding of the ROC position.

To boost the ROC's traditional friendship and cooperation with the United States, Pai said its authorities have accepted the U.S. proposal that it completely abandon the duty paying list beginning in October of this year. The step will also help the nation attain the twin goals of trade liberalization and internationalization, he noted. He said he hopes that with the abolition of the duty paying list, importers will honestly report the prices paid for their imports according to the newly revised customs duty regulation. Moreover, he said, domestic manufacturers should try to develop quality products and lower production costs to sharpen their competitiveness.

TA KUNG PAO HAILS CHANGE IN USSR FOREIGN POLICY

HK120344 Hong Kong TA KUNG PAO in Chinese 12 Aug 86 p 2

["Political Talk" Column by Shih Chun-yu: "The Succession of Soviet Diplomatic Offensives Attracts Attention"]

[Text] A Succession of "Peace Offensives" Against the United States

In the more than a year since Gorbachev took power in the Soviet Union, apart from laying stress on developing the Soviet economy, launching economic reforms, countering bureaucracy, and improving efficiency, he has displayed a rare initiative in foreign affairs that contrasts sharply with his predecessors. Experts all over the world who are concerned with Soviet problems have attached importance to this.

In U.S.-Soviet relations, Gorbachev has made efforts to reach a nuclear disarmament agreement with the United States and has called on the United States to halt the development of its star war scheme. The Soviet foreign minister will meet Shultz in Washington to discuss a U.S.-Soviet summit. By taking the initiative in halting nuclear tests and producing a succession of disarmament plans, the Soviet "peace offensives" against the United States have made it quite hard for Reagan to hold his own.

Foreign Minister To Visit Mexico for the First Time

Soviet Foreign Minister Shevardnaze will visit Canada after holding talks in the United States in mid-September. This will be the first visit to Canada by a Soviet Foreign Minister since Gromyko went there in 1969. Shevardnaze will then go on to visit Mexico, the first time a Soviet foreign minister has been there. Thus Soviet diplomatic activities will be expanded to South America.

In Asia, the matter that draws most attention is that Gorbachev is focusing his diplomacy on China and Japan.

Gorbachev To Visit Japan in January

According to the Japanese press, since Gorbachev took power, there have been indications that he will move rapidly to improve Soviet-Japanese relations from their worst level since WW II. The two sides have agreed that the end of next January will be a suitable time for a summit meeting. If Gorbachev's Japanese trip comes off, it will be the first visit to Japan by a CPSU general secretary.

The "hard knot" in Japanese-Soviet relations is the question of the four northern islands. The governments of the two countries have held talks many times since the war, but such talks always break down the moment the question of the four northern islands is raised. When Nakasone visited Moscow in March 1985 to attend the funeral of former General Secretary Chernenko, he talked with Gorbachev, and the two sides agreed that "relations between Japan and the Soviet Union must be improved."

It can be imagined that a Soviet-Japanese summit and the pre-summit contacts will touch on the question of the four northern islands. How can Gorbachev visit Japan if this problem remains an unsettled question between the two sides?

The ideal thing for the Soviet Union is to shelve the territorial issue and promote economic cooperation with Japan. At present the Soviet Union is angling for a loan of \$10 billion from Japanese banks in a bid to solve its economic predicament. Japan will naturally take advantage of this Soviet need by doing some bargaining.

China and Mongolia Sign Consular Treaty

Regarding the Soviet Union's China problem, the recently signed consular treaty between China and Mongolia is in substance a sign of improvement in Sino-Soviet relations. During his stay in Beijing for medical treatment, Soviet First Deputy Premier Arkhipov is sometimes meeting with Chinese political leaders, and naturally there may be subtle contacts. This has attracted much attention from Western diplomats.

To take a general view, Gorbachev's world foreign policy is indeed changing as a result of the Soviet Union's international difficulties and the new international situation. Such a change is to be welcomed.

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